



## TOMO Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*  
Stock Code : 8463



# SHARE OFFER

Sole Sponsor



**富強金融資本**  
FORTUNE FINANCIAL CAPITAL

Joint Bookrunners and Joint Lead Managers



**Pacific  
Foundation**



---

# IMPORTANT

---

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



## TOMO Holdings Limited

*(Incorporated in the Cayman Islands with limited liability)*

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

Number of Offer Shares	: 112,500,000 Shares
Number of Public Offer Shares	: 45,000,000 Shares (subject to reallocation)
Number of Placing Shares	: 67,500,000 Shares (subject to reallocation)
Offer Price	: Not more than HK\$0.80 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full in Hong Kong dollars on application and subject to refund), and expected to be not less than HK\$0.66 per Offer Share
Nominal Value	: HK\$0.01 per Share
Stock Code	: 8463

#### Sole Sponsor



#### Joint Bookrunners and Joint Lead Managers



#### Co-manager

#### AmCap

Ample Orient Capital Limited  
豐盛東方資本有限公司

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, having attached thereto the documents specified in the paragraph headed "Documents Delivered to the Registrar of Companies and Available for Inspection" in Appendix V to this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by Section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Securities and Futures Commission of Hong Kong and the Registrar of Companies in Hong Kong take no responsibility as to the contents of this prospectus or any other documents referred to above.

The Offer Price is expected to be determined by agreement between our Company and PFS (for itself and on behalf of the Underwriters) on the Price Determination Date, which is expected to be on or around Wednesday, 5 July 2017 (Hong Kong time) or such later date as may be agreed by our Company and PFS (for itself and on behalf of the Underwriters), but in any event no later than Tuesday, 11 July 2017. The Offer Price will be not more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.66 per Offer Share, unless otherwise announced. Investors applying for the Public Offer Shares must pay on application the maximum Offer Price of HK\$0.80 for each Offer Share together with the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% subject to refund if the final Offer Price is lower than HK\$0.80. PFS (for itself and on behalf of the Underwriters) may, with our consent, reduce the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus at any time prior to the morning of the last day for lodging applications under the Share Offer. If this occurs, notice of reduction of the indicative Offer Price range and/or the number of Offer Shares will be published on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.thetomogroup.com](http://www.thetomogroup.com).

If, for any reason, our Company and PFS (for itself and on behalf of the Underwriters) are unable to agree on the Offer Price on such later date as may be agreed by our Company and PFS (for itself and on behalf of Underwriters) but in any event no later than Tuesday, 11 July 2017, the Share Offer will not proceed and will lapse.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws of the United States and may not be offered, sold, pledged, or transferred within the United States, or to, or for the amount or benefit of U.S. persons, except pursuant to an exemption form, or in a transaction not subject to the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. securities law.

Prior to making any investment decision, prospective investors should consider carefully all the information set out in this prospectus, including the risk factors set out in the section headed "Risk Factors" in this prospectus.

Prospective investors of the Share Offer should note that the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement are subject to termination by PFS (for itself and on behalf of the Public Offer Underwriters) upon the occurrence of any of the events set forth in the section headed "Underwriting — Underwriting Arrangements and Expenses — The Public Offer — Grounds for termination" in this prospectus at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date. Should PFS (for itself and on behalf of the Public Offer Underwriters) terminate the Public Offer Underwriting Agreement, the Share Offer will not proceed and will lapse. Further details of these termination provisions are set out in the section headed "Underwriting" in this prospectus. It is important that prospective investors refer to that section for further details.

---

## CHARACTERISTICS OF GEM

---

*GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.*

*Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.*

*The principal means of information dissemination on GEM is publication on the internet website operated by the Stock Exchange. Listed companies are not generally required to issue paid announcement and gazetted newspaper. Accordingly, prospective investors should note that they need to have access to the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) in order to obtain up-to-date information on GEM-listed issuers.*

---

## EXPECTED TIMETABLE

---

*We will issue an announcement in Hong Kong to be published at the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.thetomogroup.com](http://www.thetomogroup.com) if there is any change in the following expected timetable of the Share Offer.*

Date<sup>(note 1)</sup>

Public Offer commences and **WHITE AND YELLOW**

Application Forms available from ..... 9:00 a.m. on Friday, 30 June 2017

Latest time to complete electronic applications under

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

designated website at [www.hkeipo.hk](http://www.hkeipo.hk) <sup>(note 4)</sup> ..... 11:30 a.m. on Wednesday, 5 July 2017

Application lists for the Public Offer open <sup>(note 2)</sup> ..... 11:45 a.m. on Wednesday, 5 July 2017

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

Forms and giving **electronic application instructions** to

HKSCC <sup>(note 3)</sup> ..... 12:00 noon on Wednesday, 5 July 2017

Latest time to complete payments for **HK eIPO White**

**Form** applications by effecting internet banking

transfer(s) or PPS payment transfer(s). ..... 12:00 noon on Wednesday, 5 July 2017

Application lists close <sup>(note 2)</sup> ..... 12:00 noon on Wednesday, 5 July 2017

Expected Price Determination Date on or about <sup>(note 6)</sup> ..... Wednesday, 5 July 2017

Announcement of (i) the Offer Price; (ii) the indications of the level of interest in the Placing; (iii) the level of applications in the Public Offer; (iv) the basis of allotment of the Public Offer Shares under the Public Offer; and (v) the number of Offer Shares reallocated, if any, between the Public Offer and the Placing to be published at the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at

[www.thetomogroup.com](http://www.thetomogroup.com) on or before <sup>(note 7)</sup> ..... Wednesday, 12 July 2017

Results of allocations in the Public Offer

(with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels (See "How to Apply for the Public Offer Shares — Publication of Results") from .....

Wednesday, 12 July 2017

Results of allocations in the Public Offer

will be available at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a "search by ID" function .....

Wednesday, 12 July 2017

Despatch/collection of share certificates in respect of wholly or partially successful applications pursuant to the Public Offer on or before <sup>(note 5)</sup> .....

Wednesday, 12 July 2017

---

## EXPECTED TIMETABLE

---

Date<sup>(note 1)</sup>

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

Refund payment instructions/refund cheques in respect of wholly successful (if applicable) or wholly or partially unsuccessful applications pursuant to the Public Offer

on or before <sup>(note 7)</sup> ..... Wednesday, 12 July 2017

Dealings in the Shares on the GEM to commence on ..... 9:00 a.m. on Thursday, 13 July 2017

*Notes:*

- (1) All times refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Share Offer, including its conditions, are set out in the section headed “Structure and Conditions of the Share Offer” of this prospectus.
- (2) If there is a “black” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 July 2017, the application lists will not open and close on that day. Further information is set out in “How to Apply for the Public Offer Shares — Effect of Bad Weather on the Opening of the Application Lists” of this prospectus. If the application lists do not open and close on Wednesday, 5 July 2017, the dates mentioned in this section headed “Expected Timetable” may be affected. An announcement will be made by us in such event on the websites of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company at [www.the.tomogroup.com](http://www.the.tomogroup.com).
- (3) Applicants who apply for Public Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to Apply for the Public Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS” for details.
- (4) You will not be permitted to submit your application through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk) after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
- (5) Share certificates for the Public Offer Shares will become valid certificates of title at 8:00 a.m. on Thursday, 13 July 2017, provided that (i) the Share Offer has become unconditional in all respects; and (ii) none of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details before the receipt of share certificates or before the share certificates become valid certificates do so entirely at their own risk.
- (6) The Offer Price is expected to be determined by Wednesday, 5 July 2017 but in any event, the expected date for determination of the Offer Price will not be later than Tuesday, 11 July 2017. If, for any reason, the Offer Price is not agreed between PFS (for itself and on behalf of the Underwriters), and our Company by Tuesday, 11 July 2017, the Share Offer will not proceed and will lapse.
- (7) e-Auto Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications pursuant to the Public Offer and also in respect of wholly or partially successful applications in the event that the final Offer Price is less than the price payable per Offer Share on application. Part of the applicant’s Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purposes. Banks may require verification of an applicant’s Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant’s Hong Kong identity card number or passport number may lead to delay in encashment of, or may invalidate, the refund cheque.

---

## CONTENTS

---

### IMPORTANT NOTICE TO INVESTORS

*This prospectus is issued by our Company solely in connection with the Share Offer and does not constitute an offer to sell or a solicitation of an offer to buy any security other than the Offer Shares offered by this prospectus pursuant to the Share Offer. This prospectus may not be used for the purpose of, and does not constitute, an offer to sell or a solicitation of an offer in any other jurisdiction or in any other circumstances. No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong.*

*You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. Our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives or any other person involved in the Share Offer.*

	<i>Page</i>
<b>Characteristics of GEM</b> .....	i
<b>Expected Timetable</b> .....	ii
<b>Contents</b> .....	iv
<b>Summary</b> .....	1
<b>Definitions</b> .....	13
<b>Glossary of Technical Terms</b> .....	23
<b>Forward-looking Statements</b> .....	24
<b>Risk Factors</b> .....	26
<b>Information about this Prospectus and the Share Offer</b> .....	37
<b>Directors and Parties Involved in the Share Offer</b> .....	41
<b>Corporate Information</b> .....	44
<b>Industry Overview</b> .....	46
<b>Regulatory Overview</b> .....	64
<b>History, Reorganisation and Group Structure</b> .....	73

---

## CONTENTS

---

	<i>Page</i>
<b>Business</b> .....	79
<b>Relationship with Controlling Shareholders</b> .....	117
<b>Directors, Senior Management and Employees</b> .....	121
<b>Substantial Shareholders</b> .....	135
<b>Share Capital</b> .....	137
<b>Financial Information</b> .....	140
<b>Future Plans and Use of Proceeds</b> .....	168
<b>Underwriting</b> .....	176
<b>Structure and Conditions of the Share Offer</b> .....	186
<b>How to Apply for the Public Offer Shares</b> .....	192
<b>Appendices</b>	
<b>Appendix I — Accountant’s Report</b> .....	I-1
<b>Appendix II — Unaudited Pro Forma Financial Information</b> .....	II-1
<b>Appendix III — Summary of the Constitution of our Company and Cayman Islands Company Law</b> .....	III-1
<b>Appendix IV — Statutory and General Information</b> .....	IV-1
<b>Appendix V — Documents Delivered to the Registrar of Companies and Available for Inspection</b> .....	V-1



---

## SUMMARY

---

*This summary aims to give you an overview of the information contained in this prospectus. As this is a summary, it does not contain all the information that may be important to you. You should read this prospectus in its entirety before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in “Risk Factors”. You should read that section carefully before you decide to invest in the Offer Shares.*

### 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 in Singapore, 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 prospectus 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.



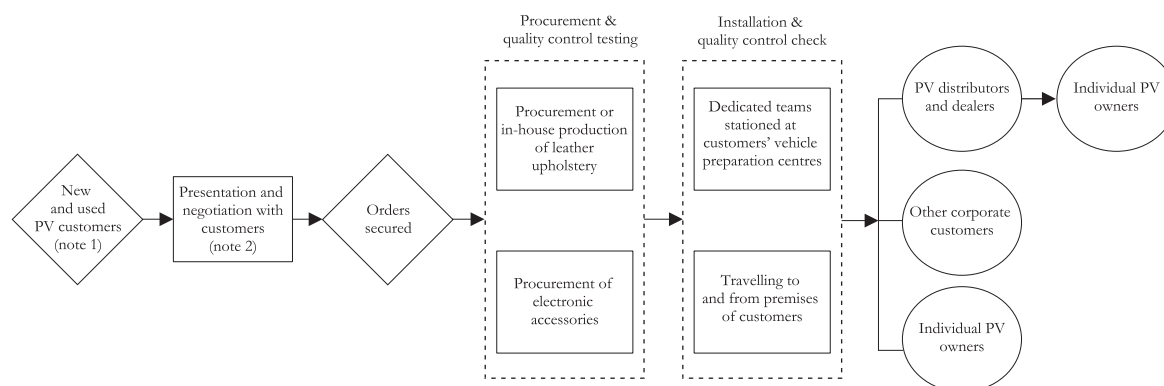
## SUMMARY

The following table sets forth the revenue of our Group by business segment for the Track Record Period:

	Year ended 31 December			
	2015		2016	
	Revenue		Revenue	
	S\$'000	%	S\$'000	%
<b>Leather upholstery business</b>	3,566	31.1	4,482	34.3
<b>Electronic accessories business</b>				
— Navigation and multimedia	3,784	33.0	3,905	29.8
— Safety and security	4,120	35.9	4,695	35.9
	<u>7,904</u>	<u>68.9</u>	<u>8,600</u>	<u>65.7</u>
<b>Total</b>	<u>11,470</u>	<u>100.0</u>	<u>13,082</u>	<u>100.0</u>

### OUR BUSINESS MODEL

For both our businesses, our customers are typically authorised PV distributors and dealers in Singapore. Our Group's revenue was derived from the supply and installation service of PV leather upholstery and electronic accessories during the Track Record Period. We provide our installation services both in our workshop and at our customers' vehicle preparation centres. We recognise our revenue when our installation services have been delivered to and accepted by our customers. According to the Frost & Sullivan Report, there were 34 passenger vehicle distributors and dealers in Singapore in 2016, and 11 of them were our customers during the Track Record Period. The following chart illustrates our business model:



Notes:

- (1) Our customers are primarily authorised PV distributors and dealers who sell the new passenger vehicles to end individual buyers. We also provide leather upholstery and electronic accessories to corporate customers such as car rental companies and individual owners of new or used passenger vehicles.
- (2) Our customers decide on the type or brand of PV leather upholstery or electronic accessories after presentation of the extensive range of products to our customers according to their preferences and requirements. We offer a competitive pricing to our customers, taking into consideration the market availability of the comparable products. We have competitive advantage for certain PV electronic accessories that we have exclusive distributorships and would promote such products to our customers. After acceptance of the price quotations, our customers will place orders with us.

---

## SUMMARY

---

For further details on our business model, please refer to the section entitled “Business — Our Business Model” of this prospectus.

### **OUR COMPETITIVE STRENGTHS**

We believe our competitive strengths include: (i) we are the leading service provider of PV leather upholstery and electronic accessories in Singapore, with an established and proven track record; (ii) we have long standing and well-established relationships with many of our customers and suppliers; (iii) we focus on providing high quality products and services and implement stringent quality control; and (iv) we have an experienced and stable senior management team supported by a team of well-trained technicians. For details, please refer to the section headed “Business — Our Competitive Strengths” of this prospectus.

### **OUR BUSINESS STRATEGIES**

We expect to achieve sustainable growth so as to create long term value for our shareholders and we intend to do so by pursuing the following strategies (i) upgrade existing facilities to continue to grow our business; (ii) acquire new premises to serve as showroom, workshop, and warehouse; (iii) expand our customer base by strengthening sales and marketing efforts; (iv) expand our product offerings; (v) upgrade our information technology system and enhance our overall efficiency; and (vi) recruit and expand our team of technicians and strengthen staff training.

For details, please refer to the section headed “Business — Our Business Strategies” of this prospectus.

### **CUSTOMERS**

Our customers for both of our leather upholstery business and electronic accessories business are primarily authorised PV distributors and dealers who engage us for the supply and installation of PV leather upholstery and electronic accessories. For the years ended 31 December 2015 and 2016, revenue generated from our authorised PV distributors and dealer customers amounted to 96.0% and 95.8%, respectively. We occasionally provide PV leather upholstery and electronic accessories to other corporate customers, such as car rental companies, and individual car owners. The revenue generated from these other customers amounted to 4.0% and 4.2% during the same periods, respectively. We have well-established and long term relationships with many of our customers.

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, and revenue generated from our largest customer, Customer Group A, accounted for approximately 79.5% and 78.1% of our total revenue during the same periods, respectively. All of our top five customers during the Track Record Period were authorised passenger vehicle distributors and dealers. For details, please refer to the section headed “Business — Customers” of this prospectus.

#### **Our largest customer — Customer Group A**

Customer Group A is one of the largest authorised PV distributors and dealers in Singapore and listed on the Singapore Exchange Limited. Customer Group A belongs to a multinational diversified business group. In Singapore, Customer Group A is primarily engaged in retail, distribution and after-

---

## SUMMARY

---

sales services of a number of brands of motor vehicles. During the Track Record Period, we provided PV leather upholstery and electronic accessories for the pre-delivery passenger vehicles and to the after-sales departments of the Singapore subsidiaries of Customer Group A (the “**Largest Customer’s SG Subsidiaries**”).

As at the Latest Practicable Date, we have been providing products and services for passenger vehicles distributed by each of our Largest Customer’s SG Subsidiaries for periods ranging from ten to 22 years, and have not experienced any material dispute with any of our Largest Customer’s SG Subsidiaries. For further details on our relationship and service arrangement with Customer Group A, please refer to the section headed “Business — Our Largest Customer — Customer Group A” and “Business — Sales Orders and Sales Agreements” of this prospectus.

Despite such customer concentration, our Directors consider that we are not reliant on any single customer and capable of maintaining our sales in the future. For further details on customer concentration, please refer to the section entitled “Business — Customer Concentration” of this prospectus.

### **SUPPLIERS**

Our suppliers for our leather upholstery business include (i) suppliers of leather hides; and (ii) suppliers of custom-fitted leather upholstery for PV seats. Our suppliers for the navigation and multimedia sub-segment of our electronic accessories business include various suppliers of navigation systems and multimedia players. Our suppliers for the security and safety sub-segment of our electronic accessories business include various suppliers of electronic accessories such as, among others, digital video recorders, parking sensors and cameras. Certain of our suppliers grant us exclusive distributorships for their PV electronic accessories in Singapore.

For the years ended 31 December 2015 and 2016, purchases from our top five suppliers of our Group accounted for approximately 73.0% and 82.0% of our total purchases, respectively, and purchases from our largest supplier accounted for approximately 24.7% and 25.3% of our total purchases during the same period, respectively. For details, please refer to the section headed “Business — Suppliers” of this prospectus.

### **Pricing policy and credit terms**

We generally price our PV leather upholstery products taking into consideration of factors such as the type of leather, complexity of design and work, volume and lead time.

As for our PV electronics accessories products, we generally price them taking into consideration of the market availability of comparable products, difficulty and complexity of installation, order volume and lead time. For urgent orders, we may charge a price premium compared to the normal orders.

In accordance with our Group’s credit policy, we generally offer our customers 30 day’s credit terms and payment is made by way of cheques and telegraphic transfers. For our retail customers, being individual passenger vehicle owners, payment is generally made in full on delivery by way of cash or credit card, but we may require deposits for PV leather upholstery products.

---

## SUMMARY

---

### COMPETITION

According to the Frost & Sullivan Report, the complex consumer demand and the requirement to have good connections with car dealers, among others, are the major market entry barriers to the PV interior modification industry. Our Directors believe that our competitive strengths, in particular our established and proven track record and our long standing and well-established relationships with many of our customers and suppliers, put our Group in a good position to maintain our position as one of the leading players in the PV interior modification market in Singapore. Our Directors also believe that there is a strong demand for our products and services as Singapore is one of the countries with heavy vehicle taxes, PV distributors and dealers tend to import PVs with only basic accessories installed in order to lower the customs value of the vehicle, so as to minimise the amount of duties required. Most PV distributors and dealers in Singapore would work with local interior modification product and service providers in order to achieve lower cost of products and add value to the business by timely meeting domestic customers' varying demands. For details, please refer to the section headed "Industry Overview — Competitive Landscape of Singapore Passenger Vehicle Interior Modification Market" of this prospectus.

### RISK FACTORS

Potential investors are advised to read carefully the section entitled "Risk Factors" of this prospectus and, in particular, should evaluate the following risks associated with the investment in our Shares. Some of the more particular risk factors include:

- (i) 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 conditions and results of operations;
- (ii) our business depends on our reputation and our customer services. Any failure to maintain our reputation and our customer services may materially and adversely affect our business, financial conditions and results of operations;
- (iii) we require a stable supply of technicians and foreign workers for our services;
- (iv) we depend on our suppliers for the PV leather upholstery and electronic accessories we use in our business operations;
- (v) our financial results for the year ending 31 December 2017 will be affected by (a) certain non-recurring expenses such as Listing expenses; and (b) the expected increase in administrative expenses subsequent to the Listing including but not limited to professional fees incurred in relation to legal adviser, compliance adviser and auditor; and
- (vi) we rely on a single market in developing our business and our business may be materially and adversely affected by the limitation on COE availability.

### SUMMARY OF FINANCIAL INFORMATION

The tables below summarise our combined financial information for the two years ended 31 December 2016, and should be read in conjunction with our financial information included in the Accountant's Report set forth in Appendix I to this prospectus, including the notes thereto.

---

## SUMMARY

---

### Highlight of our combined statements of comprehensive income

	Year ended 31 December	
	2015	2016
	S\$	S\$
<b>Revenue</b>	11,470,263	13,081,710
Cost of sales	(6,864,307)	(7,831,869)
<b>Gross profit</b>	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)
<b>Profit before income tax</b>	3,336,422	3,645,086
Income tax expense	(524,086)	(629,000)
<b>Profit and total comprehensive income for the year attributable to equity holders of our Company</b>	<b>2,812,336</b>	<b>3,016,086</b>

### Revenue

We derive our revenue from provision of PV leather upholstery and electronic accessories installation services. The key factors driving the demand for our leather upholstery and electronic accessories products include the popularity of customisation on PV interiors, the wide range of choices of in-car accessories, and the demand from the used PV market.

Due to the rising general income level in Singapore, PV interior modification becomes more affordable and PV owners tend to have their PV interior modified with upscale accessories like leather seats and premium electronic accessories. In Singapore, there are no PV manufacturing plants and all PVs are imported and then distributed within the country. Since the value of the new PV is subject to import tax, new PV distributors and dealers tend to import the new PVs from abroad in their original and less expensive upholstery to keep the imported value and thus tax duties lower, and then work with local interior modification product and service providers to fit in the leather upholstery and electronic accessories to meet the buyers' demand.

### Cost of sales

Our cost of sales mainly comprises cost of materials, direct labour, and other direct costs. Our cost structure remained stable over the Track Record Period. Our cost of materials accounted for approximately 72.3% and 75.4%, respectively, of our total cost of sales for the years ended 31 December 2015 and 2016.

## SUMMARY

### Gross profit margin and net profit margin

The table below sets forth a breakdown of gross profit and gross profit margin by business segment for the Track Record Period:

	Year ended 31 December					
	2015			2016		
	Gross profit			Gross profit		
	S\$'000	%	margin %	S\$'000	%	margin %
<b>Leather upholstery business</b>	1,089	23.6	30.5	1,331	25.4	29.7
<b>Electronic accessories business</b>						
— Navigation and multimedia	1,390	30.2	36.7	1,419	27.0	36.3
— Safety and security	2,127	46.2	51.6	2,500	47.6	53.3
	3,517	76.4	44.5	3,919	74.6	45.6
<b>Total</b>	4,606	100.0	40.2	5,250	100.0	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 the 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.

### 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.

### Highlight of certain items of our combined balance sheets

	As at 31 December	
	2015	2016
	S\$	S\$
Non-current assets	1,073,110	1,081,489
Current assets	7,606,379	8,858,712
Current liabilities	1,360,562	1,605,188
Net current assets	6,245,817	7,253,524
Net assets	7,318,927	8,335,013

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; (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.

---

## SUMMARY

---

### Highlight of combined statements of cash flows

	Year ended 31 December	
	2015	2016
	S\$	S\$
Operating profit before working capital changes	3,669,929	3,822,609
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

### Key financial ratios

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

*Note:*

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

For further analysis, please refer to the section headed “Financial Information — Analysis of Key Financial Ratios” of this prospectus.

### LISTING EXPENSES

Our estimated expenses in relation to the Listing primarily consist of legal and professional fees in relation to the Listing, the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the Offer Price of HK\$0.73 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, estimated listing expenses in connection with the Share Offer are approximately S\$4.2 million, of which approximately 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 Share Offer under the relevant accounting standards.



---

## SUMMARY

---

In view of the above, prospective investors should note that the non-recurring expenses in relation to the Listing will have a material adverse effect on the financial results of our Group for the year ending 31 December 2017. Please also refer to the paragraph headed “Risk Factors — Our financial results for the year ending 31 December 2017 will be affected by certain non-recurring expenses, including the expenses in relation to the Listing” of this prospectus.

### RECENT DEVELOPMENT

We did not experience any material decrease in revenue or material increase in the cost of sales and other costs subsequent to the Track Record Period and up to the Latest Practicable Date. As far as we are aware, our industry remained relatively stable after the Track Record Period and up to the Latest Practicable Date. Since 1 January 2017 and up to the Latest Practicable Date, there was no material adverse change in the general economic and market conditions that had affected or would affect our business operations or financial condition materially and adversely.

Subsequent to the Track Record Period and up to the Latest Practicable Date, we have continued to focus on strengthening our market position for our PV leather upholstery and electronic accessories business in Singapore. For the period from 1 January 2017 to the Latest Practicable Date, we have supplied and installed PV leather upholstery products for approximately 2,800 passenger vehicles and installed approximately 9,200 units of PV electronic accessories. As part of our continuous effort to explore potential partnership with navigation hardware and software providers to support PV distributors and dealers in their after-sales services for individual PV owners, in April 2017, we had entered into a non-binding memorandum of understanding with a vehicle telematics solution provider to explore collaboration in developing and providing services on vehicle safety and security electronic accessories in the area of telematics connected vehicles and the associated usage-based insurance solutions for PV distributors and dealers, insurance companies and individual PV owners. In addition, we secured an authorised dealership on digital video recorders with a new supplier in January 2017, and started to generate revenue from products sourced from this new supplier since the same month.

Our unaudited net current assets decreased from approximately S\$7.3 million as at 31 December 2016 to approximately S\$6.5 million as at 30 April 2017, which was primarily due to the payments and accrual of listing expenses which decreased our current assets and increased our current liabilities. Based on the unaudited management accounts of our Group, our revenue for the four months ended 30 April 2017 was higher than that for the four months ended 30 April 2016, which was mainly due to (i) an increase in the number of passenger vehicles we supplied and installed PV leather upholstery products by approximately 17.1%, and (ii) an increase in the units of PV electronic accessories we installed by approximately 29.3%.

### NO MATERIAL ADVERSE CHANGE

Save as disclosed above and in the section headed “Financial Information — Listing Expenses” of this prospectus, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospects since 31 December 2016, being the date to which our latest audited financial statements were prepared and there is no event since 31 December 2016 which would materially affect the information shown in our combined financial statements included in the Accountant’s Report set forth in Appendix I to this prospectus.

---

## SUMMARY

---

### SHARE OFFER STATISTICS

	<u>Based on the Offer Price of HK\$0.66 per Offer Share</u>	<u>Based on the Offer Price of HK\$0.80 per Offer Share</u>
Market capitalisation at the Listing (HK\$)	297,000,000	360,000,000
Unaudited pro forma adjusted combined net tangible assets per Share (HK\$)	0.22	0.25

*Notes:*

- (1) The calculation of market capitalisation is based on 450,000,000 Shares expected to be in issue immediately upon completion of the Share Offer and the Capitalisation Issue.
- (2) The unaudited pro forma net tangible assets per Share includes adjustments referred to in the paragraph headed “Appendix II Unaudited Pro Forma Financial Information — A. Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” in this prospectus and on the basis of 450,000,000 Shares in issue at the Offer Price of HK\$0.66 and HK\$0.80 per Offer Share immediately following the completion of the Share Offer and the Capitalisation Issue.

### DIVIDENDS

For the years ended 31 December 2015 and 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. The declaration and payment of future dividends will be subject to the discretion of the Board and will depend upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors which the Board deems relevant. Dividends declared and paid in the past should not be regarded as an indication of the dividend policy to be adopted by our Company following the Listing. We do not have any pre-determined dividend payout ratio. Please refer to the section headed “Financial Information — Dividends” of this prospectus for further details.

### REGULATORY OVERVIEW

As at the Latest Practicable Date, our business operations are subject to specific legislation or regulatory controls other than those generally applicable to companies and businesses incorporated and/or operating in Singapore, in particular, those in relation to vehicle modifications, import and export of goods, workplace safety and health, and the employment of foreign manpower which are governed by RTA, RIEA, WSHA and EFMA, respectively. For further details of above-mentioned legislation and regulations, please refer to the section headed “Regulatory Overview” of this prospectus.

### SHAREHOLDERS INFORMATION

Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme), TOMO Ventures will beneficially own 75% of the entire issued share capital of our Company. TOMO Ventures is in turn owned as to 51% by Ms. Lee and 49% by Mr.

---

## SUMMARY

---

David Siew, the founders of our Group and executive Directors. For the purpose of the GEM Listing Rules, TOMO Ventures, Ms. Lee and Mr. David Siew are our Controlling Shareholders. Mr. David Siew and Ms. Lee are spouses and are parties acting in concert. Please refer to the section headed “History, Reorganisation and Group Structure” of this prospectus for further details.

### RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Our Controlling Shareholders upon Listing are Ms. Lee, Mr. David Siew and TOMO Ventures, which is owned as to 51% by Ms. Lee and as to 49% by Mr. David Siew. Immediately following the completion of the Capitalisation Issue and the Share Offer (without taking into account any Shares which may be issued upon the exercise of options which may be granted under the Share Option Scheme), TOMO Ventures will beneficially own 75% of the entire issued share capital of our Company. As at the Latest Practicable Date, Ms. Lee and Mr. David Siew do not control or conduct any business which competes, or is likely to compete, either directly and indirectly, with our business. For further information, please refer to the section headed “Relationship with Controlling Shareholders” of this prospectus.

### FUTURE PLANS AND USE OF PROCEEDS

Based on the Offer Price of HK\$0.73 per Offer Share (being the midpoint of the Offer Price range), the net proceeds of the Share Offer after deduction of underwriting fees and estimated expenses payable by us in connection with the Share Offer upon Listing, are estimated to be approximately HK\$59.1 million. Our Company currently intends to use the net proceeds from the Share Offer as follows:

- approximately HK\$29.6 million or 50.1% will be used to finance the upgrade and renovation of our current workshop facilities, acquisition of new machinery and acquisition of new premises;
- approximately HK\$10.1 million or 17.1% will be used to finance advertising, branding and marketing activities for expansion of customer base;
- approximately HK\$8.2 million or 13.8% will be used to explore new products for our electronic accessories business by sourcing new hardware and software products from our existing suppliers and other active suppliers in the market to expand our product offerings;
- approximately HK\$5.3 million or 9.0% will be used to finance the upgrading of our current information technology system to enhance our overall efficiency; and
- approximately HK\$5.9 million or 10.0% will be used as working capital and funding for other general corporate purposes.

Please refer to the section headed “Future Plans and Use of Proceeds” of this prospectus for further details.

---

## SUMMARY

---

### REASONS FOR LISTING IN HONG KONG

Our Group has been contemplating the growth and expansion of our business and accordingly, a listing has been considered. Our Company is applying for listing in Hong Kong because it has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Therefore, our Company believes that listed companies in Hong Kong generally have a high liquidity, good exposure to a broad research coverage and investment community, which would facilitate our future fund raising should such needs arise. Our Directors believe that the Listing would help to raise our Group's brand awareness and publicity on an international level, making our Company's services known to new potential customers. In addition, our Directors also believe that customers may prefer to do business with a listed company given its reputation, listing status, public financial disclosures and general regulatory supervision by relevant regulatory bodies. Please also refer to "Future Plans and Use of Proceeds — Reasons for Listing in Hong Kong" of this prospectus for further details.

---

## DEFINITIONS

---

*Unless the context otherwise requires, the following expressions have the following meanings in this prospectus.*

“Accountant’s Report”	the Accountant’s report of our Group from the reporting accountant as set out in Appendix I to this prospectus
“ACRA Portal”	an online filing and information retrieval system provided by the Accounting and Corporate Regulatory Authority, a national regulator of business entities, public accountants and corporate service providers in Singapore.
“acting in concert”	has the meaning ascribed thereto under the Takeovers Code
“Ample” or the “Co-manager”	Ample Orient Capital Limited, a corporation licensed to carry out Type 1 (dealing in securities) regulated activities under the SFO
“Application Form(s)”	<b>WHITE</b> Application Form(s), <b>YELLOW</b> Application Form(s) and <b>GREEN</b> Application Form(s) or, where the context so requires, any of them
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted by our Company on 23 June 2017 with effect from the Listing Date, a summary of which is set out in Appendix III to this prospectus, and as amended, supplemented or otherwise modified from time to time
“associate(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“Astrum” or “a Joint Bookrunner” or “a Joint Lead Manager”	Astrum Capital Management Limited, a corporation licensed to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts), Type 6 (advising on corporate finance) and Type 9 (asset management) regulated activities under the SFO
“Authorised Examiner”	an examiner who is authorised by the CWSH
“Board” or “Board of Directors”	our board of Directors
“Business Day”	any day (other than a Saturday, a Sunday or public holiday in Hong Kong) on which licensed banks in Hong Kong are generally open for normal banking business
“BVI”	the British Virgin Islands
“CAGR”	compound annual growth rate
“Capitalisation Issue”	the allotment and issue of 337,499,900 Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in “Statutory and General Information — Further information about our Company and its subsidiaries — 3. Resolutions in writing of the sole Shareholder passed on 23 June 2017” in Appendix IV to this prospectus

---

## DEFINITIONS

---

“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC
“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
“CCASS Operational Procedures”	the operational procedures of HKSCC in relation to CCASS, containing the practices, procedures and administrative requirements relating to operations and functions of CCASS, as from time to time in force
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“CL”	Commissioner for Labour of Singapore
“Companies Law” or “Cayman Companies Law”	the Companies Law Cap. 22 (Law 3 of 1961 as consolidated and revised) of the Cayman Islands as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) which took effect from 3 March 2014, as amended, supplemented or otherwise modified from time to time
“Companies (WUMP) Ordinance” or “Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	TOMO Holdings Limited, an exempted company incorporated in the Cayman Islands with limited liability on 16 January 2017 and registered as a non-Hong Kong Company under Part 16 of the Companies Ordinance on 26 February 2017
“connected person(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“connected transaction(s)”	has the meaning ascribed to it under the GEM Listing Rules

---

## DEFINITIONS

---

“Controlling Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, namely, Ms. Lee, Mr. David Siew and TOMO Ventures
“Conyers Trust”	Conyers Trust Company (Cayman) Limited (formerly known as Codan Trust Company (Cayman) Limited), our principal share registrar
“CPF”	The Central Provident Fund of Singapore
“Customer Group A”	one of the largest authorised PV distributors and dealers in Singapore and listed on the Singapore Exchange Limited; our largest customer during the Track Record Period
“CWSH”	Commissioner for Workplace Safety and Health of Singapore
“Deed of Indemnity”	the deed of indemnity dated 23 June 2017 entered into by our Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries), particulars of which are set out in the section headed “Other information — 15. Tax and other indemnities” in Appendix IV to this prospectus
“Deed of Non-competition”	the deed of non-competition dated 23 June 2017 entered into by the Controlling Shareholders in favour of our Company (for itself and as trustee for each of its subsidiaries) as further described in the section headed “Relationship with Controlling Shareholders — Non-competition undertaking” in this prospectus
“Director(s)” or “our Director(s)”	the director(s) of our Company
“DNC Register”	Do Not Call Register
“EA”	Employment Act (Chapter 91) of Singapore, as amended, supplemented or otherwise modified from time to time
“EFMA”	Employment of Foreign Manpower Act (Chapter 91A) of Singapore, as amended, supplemented or otherwise modified from time to time
“ERP”	enterprise resource planning
“EU”	the European Union, a political-economic union constituted by 28 European countries
“Factory Notification”	notification submit to the CWSH to occupy or use premises as a factory before the commencement of operation of the factory



---

## DEFINITIONS

---

“Frost & Sullivan”	Frost & Sullivan International Limited, an industry research consultant and an Independent Third Party
“Frost & Sullivan Report”	the industry report issued by Frost & Sullivan, summary of which are set out in “Industry Overview” in this prospectus
“GDP”	gross domestic product
“GEM”	the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited
“GEM Listing Rules”	the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited as amended, supplemented or otherwise modified from time to time
“General Rules of CCASS”	the terms and conditions regulating the use of CCASS, as may be amended or modified from time to time and where the context so permits, shall include the CCASS Operational Procedures
“GREEN Application Form(s)”	the application form(s) to be completed by <b>HK eIPO White Form Service Provider</b>
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, such subsidiaries as if they were our Company’s subsidiaries at the relevant time, or the businesses acquired or operated by them or (as the case may be) their predecessors
“HDB”	the Housing and Development Board of Singapore
“HK eIPO White Form”	the application of issue of Public Offer Shares in the applicant’s own name by submitting applications online through the designated website of <b>HK eIPO White Form</b> at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HK eIPO White Form Service Provider”	the <b>HK eIPO White Form</b> service provider designated by our Company, as specified on the designated website at <a href="http://www.hkeipo.hk">www.hkeipo.hk</a>
“HKSCC”	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong

---

## DEFINITIONS

---

“Hong Kong” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Share Registrar”	Tricor Investor Services Limited, the Hong Kong branch share registrar of our Company
“IA”	the Immigration Act (Chapter 133) of Singapore, as amended, supplemented, or otherwise modified from time to time
“IFRSs”	the International Financial Reporting Standards issued by the International Accounting Standard Board
“IRAS”	the Inland Revenue Authority of Singapore
“Independent Third Party(ies)”	any individual(s) or company(ies) who or which is/are not our connected persons
“Joint Bookrunners” or “Joint Lead Managers”	PFS and Astrum
“Largest Customer’s SG Subsidiary(ies)”	the Singapore subsidiary(ies) of Customer Group A
“Latest Practicable Date”	21 June 2017, being the latest practicable date for the purpose of ascertaining certain information contained herein prior to its publication
“Listing”	the listing of the Shares on GEM
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date, expected to be on or about 13 July 2017, on which dealings in the Shares first commence on GEM
“Listing Division”	the listing department of the Stock Exchange
“LTA”	the Land Transport Authority of Singapore
“LTASA”	Land Transport Authority of Singapore Act, (Chapter 158A) of Singapore, as amended, supplemented or otherwise modified from time to time
“Memorandum” or “Memorandum of Association”	the memorandum of association of our Company adopted on 23 June 2017, as amended from time to time
“MOM”	the Ministry of Manpower of Singapore

---

## DEFINITIONS

---

“Mr. David Siew”	Mr. Siew Yew Khuen, our chairman, chief executive officer, executive Director and one of our Controlling Shareholders. Mr. David Siew is the husband of Ms. Lee and brother of Mr. Richard Siew
“Mr. Richard Siew”	Mr. Siew Yew Wai, an executive Director, the brother of Mr. David Siew and brother-in-law of Ms. Lee
“Ms. Lee”	Ms. Lee Lai Fong, an executive Director and one of our Controlling Shareholders. Ms. Lee is the wife of Mr. David Siew and sister-in-law of Mr. Richard Siew
“New Shares”	112,500,000 new Shares being offered by our Company for subscription at the Offer Price under the Share Offer
“NTA”	the net tangible assets
“Offer Price”	the final offer price per Offer Share (excluding brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), which will be not more than HK\$0.80 per Offer Share and is expected to be not less than HK\$0.66 per Offer Share, such price to be determined in the manner further described in “Structure and Conditions of the Share Offer — Price Determination of the Share Offer” in this prospectus
“Offer Shares”	the Public Offer Shares and the Placing Shares
“One-Tier System”	the one-tier corporate taxation system of Singapore
“Part IV Employee”	an employee who is covered under Part IV of the EA
“PDPA”	Personal Data Protection Act 2012 (No. 26 of 2012) of Singapore, as amended, supplemented or otherwise modified from time to time
“per cent.” or “%”	per cent or percentage
“PFS” or “a Joint Bookrunner” or “a Joint Lead Manager”	Pacific Foundation Securities Limited, a corporation licensed to carry out Type 1 (dealing in securities) and Type 9 (asset management) regulated activities under the SFO
“Placing”	the conditional placing of the Placing Shares by the Placing Underwriters on behalf of our Company for cash at the Offer Price with selected professional, institutional and other investors in Hong Kong as described in the section headed “Structure and Conditions of the Share Offer” in this prospectus

---

## DEFINITIONS

---

“Placing Shares”	the 67,500,000 new Shares initially being offered for subscription by our Company at the Offer Price under the Placing (subject to adjustment as described in the section headed “Structure and Conditions of the Share Offer” of this prospectus)
“Placing Underwriters”	together, the underwriters of the Placing
“Placing Underwriting Agreement”	the conditional placing underwriting agreement to be entered into on or about the Price Determination Date relating to the Placing and entered into by, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and the Placing Underwriters, as further described in the section headed “Underwriting — The Placing” of this prospectus
“PRC” or “China”	the People’s Republic of China which, for the purposes of this prospectus and for geographical reference only, excludes Hong Kong, Macau Special Administrative Region of the PRC and Taiwan
“Price Determination Date”	the date on which the Offer Price is to be determined, is expected to be on or about Wednesday, 5 July 2017
“Public Offer”	the offer by our Company of the Public Offer Shares for subscription to the public in Hong Kong as described in “Structure and Conditions of the Share Offer” at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% of the Offer Price) and on and subject to the terms and conditions stated herein and in the Application Forms relating thereto
“Public Offer Shares”	the 45,000,000 new Shares initially offered by our Company for subscription pursuant to the Public Offer (subject to reallocation as described in the section headed “Structure and Conditions of the Share Offer”)
“Public Offer Underwriters”	together, the underwriters of the Public Offer
“Public Offer Underwriting Agreement”	the conditional underwriting agreement dated 29 June 2017 relating to the Public Offer and entered into, among others, our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners, the Co-manager and the Public Offer Underwriters, as further described in the section headed “Underwriting — Public Offer Underwriting Agreement” of this prospectus
“Regulation S”	Regulation S under the U.S. Securities Act

---

## DEFINITIONS

---

“Reorganisation”	the corporate reorganisation of our Group in preparation for the Listing, details of which are set out in the section headed “History, Reorganisation and Group Structure — Reorganisation” in this prospectus
“RIEA”	Regulation of Imports and Exports Act (Chapter 272A) of Singapore, as amended, supplemented or otherwise modified from time to time
“RTA”	Road Traffic Act (Chapter 276) of Singapore, as amended, supplemented or otherwise modified from time to time
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) of HK\$0.01 each in the share capital of our Company
“Share Offer”	the Public Offer and the Placing
“Share Option Scheme”	the share option scheme conditionally adopted by our Company on 23 June 2017, further details of which are described in the section headed “Statutory and General Information — Further information about directors, management and staff — 14. Share Option Scheme” in Appendix IV to this prospectus
“Shareholder(s)”	holder(s) of the issued Share(s)
“Singapore”	the Republic of Singapore
“Singapore Legal Advisers”	Dentons Rodyk & Davidson LLP, the legal advisers of our Company as to the Singapore law
“Sole Sponsor”	Fortune Financial Capital Limited, the sponsor of our Company for the Listing, a corporation licensed by the SFC to carry on type 6 (advising on corporate finance) regulated activities under the SFO
“sq.m.”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“subsidiary” or “subsidiary(ies)”	has the meaning ascribed to it under the GEM Listing Rules

---

## DEFINITIONS

---

“Substantial Shareholder(s)”	has the meaning ascribed thereto under the GEM Listing Rules
“S\$”	Singapore dollar(s), the lawful currency of Singapore
“Takeovers Code”	the Codes on Takeovers and Mergers and Share Buy-backs issued by the SFC, as amended, supplemented or otherwise modified from time to time
“TOMO-CSE”	TOMO-CSE Autotrim Pte Ltd, a company incorporated in Singapore with limited liability on 27 October 1995 and our wholly-owned subsidiary
“TOMO Enterprises”	TOMO Enterprises Limited, a company incorporated in the BVI with limited liability on 26 January 2017 and our wholly-owned subsidiary
“TOMO Ventures”	TOMO Ventures Limited, a company incorporated in the BVI with limited liability on 6 January 2017 and owned as to 51% and 49% by Ms. Lee and Mr. David Siew, respectively
“Track Record Period”	the two years ended 31 December 2016
“Underwriters”	the Public Offer Underwriters and the Placing Underwriters
“Underwriting Agreements”	the Public Offer Underwriting Agreement and the Placing Underwriting Agreement
“U.S.” or “United States”	the United States of America
“U.S. Securities Act”	the U.S. Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“US\$”	United States dollar, the lawful currency of the United States
“ <b>WHITE</b> Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the applicant’s or applicants’ own name(s)
“WICA”	Work Injury Compensation Act (Chapter 354) of Singapore, as amended, supplemented or otherwise modified from time to time
“WSHA”	Workplace Safety and Health Act (Chapter 354A) of Singapore, as amended, supplemented or otherwise modified from time to time
“WSH Factories Regulations”	Workplace Safety and Health (Registration of Factories) Regulations 2008 of Singapore, as amended, supplemented or otherwise modified from time to time

---

## DEFINITIONS

---

“WSHR”	Workplace Safety and Health (General Provisions) Regulations of Singapore, as amended, supplemented or otherwise modified from time to time
“YELLOW Application Form(s)”	the application form(s) for the Public Offer Shares for use by the public who require(s) such Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS

*Unless otherwise specified, for the purpose of this prospectus and for the purpose of illustration only, Hong Kong dollar amounts have been translated using the following rates:*

*S\$1.00 : HK\$5.5*

*No representation is made that any amounts in S\$ or HK\$ were or could have been converted at the above rate or at any other rates or at all.*

*Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustment. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.*



---

## GLOSSARY OF TECHNICAL TERMS

---

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

“B2B”	business-to-business
“B2C”	business-to-consumer
“COE”	Certificate of Entitlement (COE) which represents a right to vehicle ownership and use of the limited road space for 10 years. Anyone who wishes to register a new vehicle in Singapore must first obtain a COE in the appropriate vehicle category. At the end of the 10-year COE period, vehicle owners may choose to deregister their vehicle or to revalidate their COEs for another 5 or 10-year period by paying the prevailing quota premium. Vehicle owners are also allowed to deregister their COEs before the expiry of the 10-year period and will receive monetary rebate. COEs are bidded through the COE open bidding system
“DVR”	digital video recorder
“electronic accessories business”	the business of supplying and installing passenger vehicle electronic accessories
“leather upholstery business”	the business of supplying and installing passenger vehicle leather upholstery
“PV” or “passenger vehicle”	wheeled road motor vehicles, other than a motor cycle, intended primarily for the carriage of passengers. Vehicles such as buses and trucks are commercial vehicles and do not fall within the category of passenger vehicles
“Passenger vehicle interior modification”	the procedures of modifying the functionality, performance or appearance of a passenger vehicle by changing its interior parts. For details, please see “Industry Overview — Overview of Singapore passenger vehicle interior modification market” of this prospectus
“vehicle telematics”	Vehicle telematics is a crash-resistant black box installed in vehicle that sends, receives and stores wireless information in conjunction with effecting control on remote objects. Common features of vehicle telematics include automatic collision notification, emergency assistance, roadside assistance, and vehicle diagnostics report

---

## FORWARD-LOOKING STATEMENTS

---

This prospectus contains forward-looking statements that state our Company's belief, expectations, or intentions for the future. The words "aim", "anticipate", "believe", "could", "estimate", "expect", "forecast", "going forward", "intend", "ought to", "may", "plan", "potential", "project", "seek", "should", "will", "would", "wish" and similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements.

These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. One or more of these risks or uncertainties may materialise, or underlying assumptions may prove incorrect.

These forward-looking statements reflect the current view of our Company with respect to future events and are, by their nature, subject to significant risks, assumptions and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business and operating strategies and our various measures to implement such strategies;
- our operations and business prospects, including development plans for our existing business;
- changes in policies, legislation, regulations or practices in the industry and those countries or territories in which we operate that may affect our business operations;
- our financial condition and results of operations;
- changes in economic conditions and competitions in the area in which we operate, including a downturn in general economy;
- the regulatory environment and industry outlook in general;
- future developments in the competition markets of our industry and actions of our competitors;
- catastrophic losses from fires, floods, wind; and
- other factors beyond our control and other risks and uncertainties described in the section headed "Risk Factors" in this prospectus.

Subject to the requirements of the applicable laws, rules (including the GEM Listing Rules) and regulations, our Group does not intend to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way our Group expects, or at all.

---

## **FORWARD-LOOKING STATEMENTS**

---

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

In this prospectus, statements of or references to the intentions of our Company or any of our Directors are made as of the date of this prospectus. Any such intentions may potentially change in light of future developments.

---

## RISK FACTORS

---

*Potential investors should consider carefully all the information set out in this prospectus and, in particular, should evaluate the following risks associated with the investment in our Shares. Any of the risks and uncertainties described below could have a material adverse effect on our business, results of operations, financial condition or on the trading price of our Shares, and could cause you to lose all or part of your investment.*

### RISKS RELATING TO OUR BUSINESS

**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.**

For the years ended 31 December 2015 and 2016, we provided passenger vehicle, or PV, leather upholstery and electronic accessories to the pre-delivery PV and the after-sales departments of the Singapore subsidiaries of Customer Group A, or the Largest Customer's SG Subsidiaries. Customer Group A is one of the largest authorised PV distributors and dealers in Singapore and listed on the Singapore Exchange Limited. Customer Group A belongs to a multinational diversified business group. In Singapore, Customer Group A is primarily engaged in retail, distribution and after-sales of various brands of motor vehicles. See "Business — Customers" for further information on our business relationship with Customer Group A. For the years ended 31 December 2015 and 2016, our aggregate revenue derived from sales to Customer Group A amounted to 79.5% and 78.1%, respectively. Although the percentage of revenue generated from Customer Group A contributed to majority of our revenue during the Track Record Period and we expect to continue to derive a significant amount of our revenue from Customer Group A in the foreseeable future, we continue to diversify our customer base and offer new products. For example, we intend to expand our customer base by establishing long-term relationship with our other customers that are authorised PV distributors and dealers, securing new authorised PV distributors and dealers customers, and expanding our offering of products and services to retail customers, namely, individual PV owners. See "Business — Our Business Strategies" in this prospectus for further information. We will also continue to offer new products to attract additional sales to our customers, including customers other than Customer Group A.

There is no guarantee that we will continue to be able to provide products and services to any of the Largest Customer's SG Subsidiaries or to continue our business relationship with any of the Largest Customer's SG Subsidiaries. If we fail to secure further order from any of the Largest Customer's SG Subsidiaries for any reason, and we are unable to secure contracts from other customers on comparable terms, or increase our sales to other customers, or to implement our strategy, or at all, our business, financial condition and results of operations could be materially and adversely affected.

**Our business depends on our reputation, service quality and our customer services. Any failure to maintain our reputation and our customer services may materially and adversely affect our business, financial condition and results of operations.**

We believe our reputation, our capabilities and our customer services contributed to our success. For example, we commenced our PV leather upholstery business in 1995 and through the years, we have built our reputation and strong relationship with our customers, including authorised PV distributors and

---

## RISK FACTORS

---

dealers. Furthermore, we believe our ability to provide quality PV leather upholstery products and services is one of our competitive advantages, which enables us to build our strong relationship with our customers and differentiate us from other players in the industry in Singapore. Also, our mobile teams provide our customers with timely response and customer services, which we believe distinguish us from our competitors.

If we are unable to maintain our reputation, service quality and our customer services, our customers may no longer be willing to procure products and services from us. As a result, our business, financial condition and results of operations may be materially and adversely affected.

### **We require a stable supply of technicians and foreign workers for our services.**

Our installation of PV leather upholstery, PV electronic accessories and our after-sales services require labour from skilled technicians. As at 31 December 2016, we employed a total of 24 technicians and 15 technicians for our PV leather upholstery and electronic accessories installation and after-sales services, respectively, of which, 15 technicians and 13 technicians were foreign workers from Malaysia and the PRC, respectively. We employed technicians from foreign countries during the Track Record Period as there were a limited supply of local technicians in Singapore. In order to provide continuous services to our customers, we require a stable supply of technicians, including foreign workers for our services. There is no guarantee we will be able to attract new entrants willing to learn the skills in becoming a technician or attract skilled technicians to join us in the future. Furthermore, even if we may be able to attract technicians to work for us, our labour costs may substantially increase due to the limited supply of technicians whether in Singapore or from foreign countries. We are also limited by the number of foreign workers that we can employ based on the prevailing Singapore laws and regulations. See “Regulatory Overview — Singapore laws relating to the carrying on of the business of our Group — Employment of Foreign Manpower” in this prospectus for further details.

If we are unable to attract new entrants or skilled technicians to join us, whether from Singapore or from foreign countries, or if our labour costs is substantially increased due to the limited supply of labour, or if there is any change to the Singaporean laws and regulations relating to the number of foreign workers that we can employ, our business, financial conditions and results of operations may be materially and adversely affected.

### **We depend on our suppliers for the PV leather upholstery and electronic accessories we use in our business operations.**

During the Track Record Period, majority of the PV leather upholstery we used were procured directly from our suppliers and we only produced a limited amount of PV leather upholstery at our workshop to utilise our spare capacity when our workshop is not working on the new templates, new designs or special orders from our customers. Furthermore, all of our PV electronic accessories that we used during the Track Record Period were procured from our suppliers as we did not manufacture such PV electronic accessories.

We also typically do not enter into any long-term purchase agreement with our suppliers, which we believe is typical in our industry. We are, therefore, dependent on our suppliers for the leather hides, PV leather upholstery and electronic accessories from our suppliers. In the event that our suppliers cease or limit the supply provided to us, or significantly increase the prices for the products we require, we may

---

## RISK FACTORS

---

be unable to procure similar or compatible products from alternative suppliers in a timely manner or at comparable prices. As a result, our business, financial conditions and result of operations may be materially and adversely affected.

**Our products and services supplied to our authorised PV distributors and dealers customers are subject to changes based on their procurement policies, their preferences and their in-house capabilities.**

Our customers for both our PV leather upholstery business and PV electronics accessories business are primarily authorised PV distributors and dealers. For the years ended 31 December 2015 and 2016, the revenue generated from authorised PV distributors and dealers in Singapore amounted to 96.0% and 95.8%, respectively. Each of these customers has their own set of procurement policy, which may change from time to time. If any of our customers changes its procurement policy, or its preference in the PV leather upholstery or electronic accessories, and that we are unable to fulfil the new procurement policy or preferences, we may not be able to continue to supply products and services to this customer. In addition, if any of our customers who are PV distributors and dealers elect to carry out the interior modification work in-house in the future, the demand for our services may fall significantly. As a result, we may be unable to continue to supply our services to such customer and our business, financial condition and results of operations may be materially and adversely affected.

**Our historical financial and operating results may not be indicative of the future price of our Shares.**

Our historical results may not be indicative of our future performance. Our financial and operating results may not meet the expectations of public market analysts or investors, which could cause the future price of our Shares to decline. Our revenues, expenses and operating results may vary from period to period in response to a variety of factors beyond our control, including general economic conditions, special events, regulations or actions pertaining to businesses based in Singapore and our ability to control costs and operating expenses. You should not rely on our historical results to predict the future price of our Shares.

**Our financial results for the year ending 31 December 2017 will be affected by certain non-recurring expenses, including the expenses in relation to the Listing.**

Certain non-recurring expenses, including the Listing expenses, will affect our financial results for the year ending 31 December 2017. We currently only have an estimate of our Listing expenses. We expect that our total listing expenses will amount to approximately S\$4.2 million, of which approximately S\$2.6 million is expected to be charged to our combined statements of comprehensive income for the year ending 31 December 2017. The actual amount to be reported on the financial statements of our Group for the year ending 31 December 2017 is subject to changes in variables and assumptions. As such, the actual expenses may exceed the estimated amount and will have an adverse impact on our financial results for the year ending 31 December 2017.

---

## RISK FACTORS

---

**We rely on a single market in developing our business and our business in Singapore may not contribute to our results in the manner we anticipate.**

During the Track Record Period, we generated all of our revenue from our operations in Singapore. We anticipate that our business in Singapore will continue to be our core business following the completion of the Share Offer. If Singapore experiences any adverse economic conditions due to events beyond our control, such as limitation on COE availability, downturn in the sales of new passenger vehicle, general economic downturn, natural disasters, contagious disease outbreaks or terrorist attacks, or if the local authorities adopt regulations or policies that place additional restrictions or burdens on us or on our industry in general, our overall business and results of operations may be materially and adversely affected. In addition, we have limited experience in operating businesses in other places, and may have difficulties in relocating our business to other geographic markets. Therefore, if there is any deterioration in the economic, political and regulatory environment in Singapore, our business may be materially and adversely affected.

**We maintain limited insurance coverage.**

We maintain various insurance policies, such as public liability insurance, fire insurance, work injury compensation insurance and product liability that we believe are customary for our size and type of business, and in line with standard commercial practice in Singapore. See “Business — Insurance” in this prospectus for more information. However, our insurance coverage is still limited in terms of amount, scope and benefit. Consequently, we are exposed to various risks associated with our business and operations. We are exposed to risks including, but not limited to, accidents or injuries in our workshop or at our customers’ vehicle preparation centres beyond the scope of our insurance coverage, or other accidents for which we do not currently maintain insurance, loss of key management and personnel, business interruption, natural disasters, terrorist attacks and social instability or any other events beyond our control. Any business disruption, litigation or legal proceedings or natural disaster, such as epidemics, pandemics or earthquakes, or other events beyond our control could result in substantial costs and the diversion of our resources. Our business, financial condition and results of operations may be materially and adversely affected as a result.

**We may not be able to execute our growth strategies or manage our growth effectively.**

Our future success depends, to a large extent, on our ability to implement our future plans. We intend to, among other things, continue to grow our business and expand our product offerings, upgrade our information and technology system to enhance our overall efficiency, and expand our customer base by strengthening our sales and marketing efforts. See “Business — Our Business Strategies” in this prospectus for further details.

The implementation of our future plans will require capital investments, significant amount of managerial and technical resources, efforts and timely execution of the future plans, and is subject to the following risks and uncertainties:

- accurately estimate the expected demand of new PV and demand from our customers for our products and services;
- accurately estimate the expected demand of our products and services from retail segment;

---

## RISK FACTORS

---

- successfully expand our customer base to attract new authorised PV distributors and dealers customers, and retail customers;
- secure sufficient and stable quality supplies of leather hides, PV leather upholstery and electronic accessories from our suppliers;
- hire, train and retain skilled management, technicians and other employees on commercially acceptable terms; and
- successfully market our new retail segment business and compete with existing players.

Any of the above or similar risks or uncertainties could significantly delay or otherwise restrict our ability to implement our future plans, which could in turn adversely affect our ability to continue to improve our business prospects and profitability.

**Our expansion plans may not be implemented successfully which may adversely affect our prospects.**

Our Directors are of the view that the expansion plans of our Group have been prepared after due and careful consideration by reference to, among other matters, the expected future prospects of the PV interior modification industry and electronics accessories business in Singapore, and the continuation of our competitive advantages and other factors considered relevant. Some of our future business plans are based on certain assumptions. The successful implementation of our business plan may be affected by a number of factors including the availability of sufficient funds, government policies relevant to our industry, the economic conditions, our ability to maintain our existing competitive advantages, our relationships with our customers and the threat of substitutes and new market entrants. For example, failure to acquire new premises to serve as showroom, workshop and warehouse in a timely manner and/or to acquire new machinery and/or to recruit and expand our team of technicians and strengthen staff training, which may be due to any of the aforementioned factors, may further constrain our ability to take up new orders from our existing or new customers in light of the capacity constraints currently faced by our Group. Such failure to take up new orders may have a material adverse impact on our Group's financial performance and profitability. In addition, there is no assurance that the PV electronic accessories we source in view of the expansion of product offering would meet our customers' taste and expectation. In the event that the customers lose interest in our products, there may be a negative financial impact on our Group's profitability. In light of the factors above, there is no assurance that our business plan can be successfully implemented as envisaged.

**Our future success depends on the members of our senior management and our business may be harmed if we lose their services or they are not able to successfully manage our growing operations.**

Our future success depends on the ability of our executive Directors and members of our senior management working together and successfully implement our growth strategy while maintaining the strength of our reputation and capabilities. Our future success also depends heavily upon the continuing services and performance of our executive Directors and members of our senior management. We must continue to attract, retain and motivate a sufficient number of qualified management and operating personnel to maintain our business operations and meet our planned expansion requirements. If our executive Directors and members of the senior management fail to work together successfully, or if one



---

## RISK FACTORS

---

or more of them is unable to effectively implement our business strategy, we may be unable to grow our business at the speed or in the manner in which we expect. We may not be able to retain the services of any of them or attract and retain high-quality senior executives or key personnel in the future. If one or more of our executive Directors and members of our senior management are unable or unwilling to continue in their present positions, we may not be able to replace them easily or at all, and our business may be disrupted and our results of operations may be materially and adversely affected.

### **RISKS RELATING TO OUR INDUSTRY**

#### **Volatility in COE prices and availability and other factor affecting PV ownership and usage in Singapore may adversely affect demand for new passenger vehicles and our profitability.**

Demand in our products and services, including PV leather upholstery and PV accessories, is substantially linked to the demand for new passenger vehicles in Singapore, which is cyclical in nature and is affected by various factors. In Singapore, before a new passenger vehicle can be registered, the potential vehicle owner must bid for a COE and the availability of COE is governed by the Vehicle Quota System, which will be valid for an initial period of ten years. See “Industry Overview — Overview of Singapore Passenger Vehicle Market — New Registration of Passenger Vehicle” in this prospectus for further details.

Furthermore, we believe other factors affecting PV ownership and usage in Singapore may affect the demand for new passenger vehicles, including global and regional economic and market conditions, sales and financing incentives, cost of fuel, environmental concerns and government laws and regulations such as tariffs, import regulation and other taxes.

As the demand of our products and services are generally reliant on the demand of new passenger vehicles, any changes to the above factors any decrease the demand of new passenger vehicles in Singapore, which may in turn materially and adversely affect our liquidity, results of operations, financial condition and prospects.

#### **We may be affected by certain custom and tax policies on imported vehicles which reduce the demands for our products and services in Singapore**

Singapore is one of the countries with heavy vehicle taxes including (i) additional registration fee, which has a tiered rate ranging from 100% to 180% of the customs value, and (ii) excise duty, which is 20% of the customs value. PV distributors and dealers in Singapore tend to import PVs with only basic accessories installed in order to lower the customs value of the vehicle so that the amount of duties required can be minimised. In the event that there is any downward adjustment on the registration fee and/or excise duty, the demand for our products and services may drop as the PVs owners may prefer to have the accessories installed by the original car manufacturers than by us. Such corresponding drop in demand for our products and services may result in an adverse impact on our business, financial performance and profitability.

---

## RISK FACTORS

---

### **We may suffer from competition in and risk related to PV electronic accessories industry in Singapore.**

Our ability in offering products and services in PV electronic accessories depends on our ability to stay current with the PV electronic accessories industry in Singapore. We believe our ability to secure our orders with our customers depend largely on our technological and installation expertise and know-how, our customers services and our PV electronic accessories product range. However, based on our operating experience, if certain PV accessories become mainstream, it may be more economical for the authorised PV distributors and dealers to directly include such car accessories as options with the new passenger vehicles instead of using our services. As such, we have to continuously scout for new PV accessories to offer our customers.

Furthermore, customers' demands for high-end PV accessories in Singapore are sophisticated. As we do not manufacture any of the PV electronic accessories that we offer nor own any of the underlying intellectual properties of such PV electronic accessories, we rely on our suppliers for the PV electronic accessories and we face competition from other products and service providers in Singapore. If we cannot procure new PV electronic accessories that suit our customers' taste and preference, or if our competitors offer the same or better PV electronic accessories products and services, our results of operations, financial condition and prospects may be materially and adversely affected.

### **RISKS RELATING TO THE SHARE OFFER**

#### **There has been no prior public market for our Shares and there can be no assurance that an active market would develop.**

Prior to the Share Offer, there has been no public market for our Shares. The initial Offer Price range of the Offer Shares was the result of negotiations among us and PFS (for itself and on behalf of the Underwriters) and the Offer Price may differ significantly from the market price for our Shares following the Share Offer. While we have applied for listing of and permission to deal in our Shares on the Stock Exchange, there is no assurance that the Share Offer will result in the development of an active, liquid public trading market for our Shares. Factors such as variations in our revenue, earnings and cash flows or any other developments of us may affect the volume and price at which our Shares will be traded.

#### **The liquidity, trading volume and market price of our Shares following the Share Offer may be volatile.**

The price at which our Shares will trade after the Share Offer will be determined by the marketplace, which may be influenced by many factors, some of which are beyond our control, including:

- our financial results;
- changes in securities analysts' estimates, if any, of our financial performance;
- the history of, and the prospects for, us and the industry in which we compete;

---

## RISK FACTORS

---

- an assessment of our management, our past and present operations, and the prospects for, and timing of, our future revenues and cost structures such as the views of independent research analysts, if any;
- the present state of our development;
- new investments, acquisitions or alliances in the future;
- addition or departure of our key personnel;
- the valuation of publicly traded companies that are engaged in business activities similar to ours;
- actions taken by our competitors;
- general market sentiment regarding the PV interior modification industry in Singapore;
- changes in laws and regulations in Singapore;
- our inability to compete effectively in the market; and
- political, economic, financial and social developments in Singapore and worldwide.

In addition, the Stock Exchange has from time to time experienced significant price and volume fluctuations that have affected the market prices for the securities of companies quoted on the Stock Exchange. Such volatility has not always been directly related to the performance of the specific companies whose shares are traded. As a result, investors in our Shares may experience volatility in the market price of their Shares and a decrease in the value of their Shares regardless of our operating performance or prospects.

**Because the Offer Price per Offer Share is higher than the net tangible book value per Share, subscribers of our Offer Shares in the Share Offer will experience immediate dilution.**

The Offer Price of our Offer Shares is higher than the net tangible book value per Share immediately prior to the Share Offer. Therefore, subscribers of our Offer Shares in the Share Offer will experience an immediate dilution in pro forma adjusted net tangible assets value and existing Shareholders will receive an increase in the pro forma adjusted net tangible assets per share of their shares. See “Financial Information — Unaudited Pro Forma Statement of Adjusted Net Tangible Assets” in this prospectus for details. If we issue additional Shares in the future, subscribers of our Offer Shares may experience further dilution.

**Substantial future sales or the expectation of substantial sales of our Shares in the public market could cause the price of our Shares to decline.**

Sales of substantial amounts of Shares in the public market after the completion of the Share Offer, or the perception that these sales could occur, could adversely affect the market price of our Shares. There will be 450,000,000 issued Shares immediately following the Share Offer (assuming that none of the options that may be granted under the Share Option Scheme is exercised). Our Controlling

---

## RISK FACTORS

---

Shareholders agreed that any Shares held by them will be subject to a lock-up after the Listing. See “Underwriting — Underwriting Arrangements and Expenses — Undertakings pursuant to the Public Offer Underwriting Agreement — Undertakings by our Controlling Shareholders” and “Underwriting — Undertakings in favour of the Stock Exchange under the GEM Listing Rules — Undertakings by our Controlling Shareholders” in this prospectus for more information. However, such Shares will be freely tradable after the expiry of the relevant lock-up period. Shares which are not subject to a lock-up arrangement represent 25.0% of the total issued share capital immediately following the Share Offer and will be freely tradable immediately following the Share Offer assuming that none of the options that may be granted under the Share Option Scheme is exercised).

**The interest of our Controlling Shareholders may differ from your interests and they may exercise their vote to the disadvantage of our minority Shareholders.**

Immediately after the completion of the Share Offer and the Capitalisation Issue (without taking into account of our Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will own 75.0% of our Shares. As such, our Controlling Shareholders will have substantial influence over our business, including decisions regarding mergers, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive our shareholders of an opportunity to receive a premium for their Shares in a sale of our Company or may reduce the market price of our Shares. These actions may be taken even if they are opposed by our other Shareholders, including those who purchased Shares in the Share Offer. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders.

**Since there will be a gap of several days between pricing and trading of our Shares, holders of our Shares are subject to the risk that the price of our Shares could fall during the period before trading of our Shares begins.**

The Offer Price of our Offer Shares is expected to be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until the Listing Date if the Share Offer will become unconditional, which is expected to be six business days after the Price Determination Date. As a result, investors may not be able to sell or deal in our Shares during that period. Accordingly, holders of our Shares are subject to the risk that the price of our Shares could fall before trading begins as a result of adverse market conditions or other adverse developments, that could occur between the time of sale and the time trading begins

**Prior dividend distributions are not an indication of our future dividend policy.**

For the years ended 31 December 2015 and 2016 and up to the Latest Practicable Date, we declared and distributed dividends amounted to an aggregate of S\$6.0 million to our shareholders. Any future dividend declaration and distribution by our Company will be at the discretion of our Directors and will depend on our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions and other factors that our Directors deem relevant. Any declaration and payment as well as the amount of dividends will also be subject to our Articles of Association, including the approvals from our Shareholders and our Directors, if required. In addition,

---

## RISK FACTORS

---

our future dividend payments will depend upon the availability of dividends received from our subsidiaries. As a result of the above, we cannot assure you that we will make any dividend payments on our Shares in the future with reference to our historical dividends. For further details of the dividend policy of our Company, see “Financial Information — Dividends” in this prospectus.

**We have significant discretion as to how we will use the net proceeds of the Share Offer, and you may not necessarily agree with how we use them.**

Our management may spend the net proceeds from the Share Offer in ways you may not agree with or that do not yield a favourable return to our Shareholders. We plan to use the net proceeds from the Share Offer, including to acquire, renovate and fit out new facilities, to acquire new machineries, and to upgrade our management information system. See “Future Plans and Use of Proceeds — Use of Proceeds” in this prospectus for more information. However, our management will have discretion as to the actual application of our net proceeds. You are entrusting your funds to our management, upon whose judgment you must depend, for the specific uses we will make of the net proceeds from the Share Offer.

**Shareholders and investors could face difficulties in protecting their interests because our Company was incorporated under the laws of the Cayman Islands and these laws could provide different protections to minority Shareholders than the laws of Hong Kong.**

Our corporate affairs are governed by the Memorandum and the Articles and by the Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders could differ in some respects from those established under statutes or judicial precedent in existence in Hong Kong. Such differences could mean that the minority Shareholders could have different protections than they would have under the laws of Hong Kong.

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

**We cannot guarantee the accuracy of facts and other statistics with respect to certain information obtained from the Frost & Sullivan Report contained in this prospectus.**

Certain facts and statistics in this prospectus, including but not limited to information and statistics relating to the PV interior modification industry in Singapore, are based on the Frost & Sullivan Report or are derived from various publicly available information, announcements, annual reports and other publications, which our Directors believe to be reliable.

We cannot, however, guarantee the quality or reliability of such facts and statistics. Although we have taken reasonable care to ensure that the facts and statistics presented are accurately extracted and reproduced from such publications and the Frost & Sullivan Report, they have not been independently verified by us, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer and no representation is given as to its accuracy. We therefore make no representation as to the accuracy of such facts and statistics which may not be consistent with other information compiled by other sources and prospective investors should not place undue reliance on any facts and statistics derived from public sources or the Frost & Sullivan Report contained in this prospectus.

---

## RISK FACTORS

---

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

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

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

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

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

---

## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

---

### DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus, for which our Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Companies (WUMP) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the GEM Listing Rules for the purpose of giving information with regard to us. Our Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this prospectus misleading.

### INFORMATION ON THE SHARE OFFER

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

### UNDERWRITING

This prospectus is published solely in connection with the Share Offer, comprising the Public Offer and the Placing. Details of the structure of the Share Offer, including conditions of the Share Offer, are set out in section headed "Structure and Conditions of the Share Offer" in this prospectus. The Listing is sponsored by the Sole Sponsor. The Public Offer will be fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to the agreement to the Offer Price between our Company and PFS (for itself and on behalf of the Underwriters). The Placing will be fully underwritten by the Placing Underwriters under the terms and conditions of the Placing Underwriting Agreement. For further details about the Underwriters and the Underwriting Agreements, please refer to the section headed "Underwriting" in this prospectus.

### DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price which will be determined by PFS (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, or such later date or time as may be agreed by PFS (for itself and on behalf of the Underwriters) and our Company. The Offer Price is currently expected to be not more than HK\$0.80 per Offer Share and not less than HK\$0.66 per Offer Share. PFS (for itself and on behalf of the Underwriters) may reduce the indicative Offer Price range stated in this prospectus at any time prior to the Price Determination Date. In such case, a notice of the reduction of the indicative Offer Price range will be published on the Stock Exchange's website at [www.hkexnews.hk](http://www.hkexnews.hk) and our Company's website at [www.thetomogroup.com](http://www.thetomogroup.com).



---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

---

If PFS (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on the Price Determination Date, or such later date or time as may be agreed between PFS (for itself and on behalf of the Underwriters) and our Company, the Share Offer will not proceed.

### **SELLING RESTRICTIONS OF OFFER SHARES**

No action has been taken to permit any offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation nor is it calculated to invite or solicit offers in any jurisdiction or in any circumstances in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable laws, rules and regulations of such jurisdictions pursuant to registration with or authorisation by the relevant regulatory authorities or as an exemption therefrom.

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

Prospective subscribers for the Offer Shares should consult their financial advisers and take legal advice as appropriate, to inform themselves of, and to observe, all applicable laws and regulations of any relevant jurisdiction.

### **PROCEDURE FOR APPLICATION FOR THE PUBLIC OFFER SHARES**

The procedure for application for the Public Offer Shares is as set out in the section headed “How to Apply for the Public Offer Shares” in this prospectus and on the relevant Application Forms.

### **STRUCTURE AND CONDITIONS OF THE SHARE OFFER**

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

### **APPLICATION FOR LISTING ON GEM**

Application has been made to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Share Offer and the Capitalisation Issue and the Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provision) Ordinance, if the permission for the Shares to be listed on GEM pursuant to this prospectus has been refused before the expiration of three weeks from the date of the closing of the application lists to the Share Offer or



---

## **INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER**

---

such longer period not exceeding six weeks as may, within the said three weeks, be notified to our Company for permission by or on behalf of the Stock Exchange, then any allotment made on an application in pursuance of this prospectus shall, whenever made, be void.

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules) without taking into account any Shares that may be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

No part of the Shares or loan capital of our Company is listed, traded or dealt in on any other stock exchange. At present, our Company is not seeking or proposing to seek a listing of, or permission to deal in, any part of the Shares or loan capital on any other stock exchange.

### **SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS**

Subject to the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus on GEM and the compliance with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date, or on any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. Investors should seek the advice of their stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect their rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### **DEALINGS AND SETTLEMENT**

Dealings in the Shares on GEM are expected to commence at 9:00 a.m. (Hong Kong time) on or about Thursday, 13 July 2017.

Shares will be traded in board lots of 4,000 Shares each and are freely transferable.

The GEM stock code for the Shares is 8463.

Our Company will not issue any temporary document of title.

### **HONG KONG SHARE REGISTER AND STAMP DUTY**

All of the Shares will be registered in our Company’s branch register of members to be maintained in Hong Kong by the Hong Kong Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong. Only Shares registered on our Company’s branch register of members maintained in Hong Kong may be traded on GEM.

---

## INFORMATION ABOUT THIS PROSPECTUS AND THE SHARE OFFER

---

Our Company's principal register of members will be maintained by the principal share registrar and transfer office, Conyers Trust Company (Cayman) Limited at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

Dealings in the Shares registered in our Company's branch register of members in Hong Kong will be subject to Hong Kong stamp duty.

Unless determined otherwise by our Company, dividends payable in Hong Kong dollars in respect of the Shares will be paid to the Shareholders listed on our Company's Hong Kong branch register of members to be maintained in Hong Kong, by ordinary post, at the Shareholders' risk, to the registered address of each Shareholder or if joint Shareholders, to the first-named therein in accordance with the Articles.

### **PROFESSIONAL TAX ADVICE RECOMMENDED**

Potential investors in the Share Offer are recommended to consult their professional advisers if they are in any doubt as to taxation implications of the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares. None of our Company, our Directors, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, any of their respective directors, advisers, officers, employees, agents or representatives (where applicable) or any other persons involved in the Share offer accepts responsibility for any tax effects on or liabilities of any person resulting from the subscription for, purchase, holding or disposal of, dealings in, or the exercise of any rights in relation to, the Offer Shares.

### **LANGUAGE**

If there is any inconsistency between the English version of this prospectus and the Chinese version of this prospectus, the English version of this prospectus shall prevail. Names of any laws and regulations, governmental authorities, institutions, natural persons or other entities which have been translated into English and included in this prospectus and for which no official English translation exists, are unofficial translations for your reference only.

### **EXCHANGE RATE CONVERSION**

Unless otherwise specified and for illustration purpose only, conversion of S\$ into HK\$ in this prospectus are based on the exchange rate set out below:

S\$1.00 : HK\$5.5

Such conversion shall not be construed as representations that amount of such currency was or may have been converted into HK\$ and vice versa at such rates or any other exchange rates.

### **ROUNDING**

Any discrepancies in any table or chart between the totals and the sums of the amounts listed therein are due to rounding.

---

## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

---

### DIRECTORS

<u>Name</u>	<u>Residential Address</u>	<u>Nationality</u>
<i>Executive Directors</i>		
Mr. Siew Yew Khuen (蕭耀權)	7 Siglap Road #20-64 Singapore 448909	Singaporean
Ms. Lee Lai Fong (李麗芳)	7 Siglap Road #20-64 Singapore 448909	Singaporean
Mr. Siew Yew Wai (蕭耀威)	30 Dover Rise #09-08 Singapore 138687	Singaporean
<i>Independent non-executive Directors</i>		
Mr. Clarence Tan Kum Wah (陳錦華)	19 Oxley Road #10-01 Singapore 238619	Singaporean
Mr. Gary Chan Ka Leung (陳嘉樑)	Flat B, 16/F Gardenview Heights 19 Tai Hang Drive Tai Hang, Hong Kong	Canadian
Mr. Lim Cher Hong (林芝鋒)	Blk 234 Hougang Avenue 1 #06-260 Singapore 530234	Singaporean

Please refer to the section headed “Directors, Senior Management and Employees” in this prospectus for further information on our Directors.

---

## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

---

### PARTIES INVOLVED IN THE SHARE OFFER

**Sole Sponsor**

**Fortune Financial Capital Limited**

*A corporation licensed to carry out Type 6 (advising on corporate finance) regulated activities under the SFO*  
35/F, Office Tower Convention Plaza  
No. 1 Harbour Road  
Wanchai, Hong Kong

**Joint Bookrunners and  
Joint Lead Managers**

**Pacific Foundation Securities Limited**

11th Floor, New World Tower II  
16–18 Queen’s Road Central  
Hong Kong

**Astrum Capital Management Limited**

Room 2704, 27/F, Tower 1  
Admiralty Centre  
18 Harcourt Road  
Hong Kong

**Co-manager**

**Ample Orient Capital Limited**

Room A, 17/F, Fortune House  
61 Connaught Road Central  
Central  
Hong Kong

**Public Offer Underwriters**

**Pacific Foundation Securities Limited**

11th Floor, New World Tower II  
16–18 Queen’s Road Central  
Hong Kong

**Astrum Capital Management Limited**

Room 2704, 27/F, Tower 1  
Admiralty Centre  
18 Harcourt Road  
Hong Kong

**Ample Orient Capital Limited**

Room A, 17/F, Fortune House  
61 Connaught Road Central  
Central  
Hong Kong

**Legal advisers to our Company**

*As to Hong Kong law:*

**Robertsons**

57th Floor, The Center  
99 Queen’s Road Central  
Hong Kong

---

## DIRECTORS AND PARTIES INVOLVED IN THE SHARE OFFER

---

*As to Cayman Islands law:*

**Conyers Dill & Pearman**

Cricket Square

Hutchins Drive

P.O. Box 2681

Grand Cayman KY1-1111

Cayman Islands

*As to Singapore law:*

**Dentons Rodyk & Davidson LLP**

80 Raffles Place

#33-00 UOB Plaza 1

Singapore 048624

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

*As to Hong Kong law:*

**Luk & Partners**

Unit 2001, Level 20

One International Finance Centre

1 Harbour View Street

Central

Hong Kong

**Auditor and reporting accountant**

**PricewaterhouseCoopers**

*Certified Public Accountants*

22/F., Prince's Building

Central

Hong Kong

**Compliance adviser**

**Fortune Financial Capital Limited**

35/F., Office Tower Convention Plaza

No. 1 Harbour Road

Wanchai, Hong Kong

**Receiving bank**

**DBS Bank (Hong Kong) Limited**

11/F, The Center

99 Queen's Road Central

Hong Kong

**Independent industry consultant**

**Frost & Sullivan International Limited**

1706, One Exchange Square

8 Connaught Place

Central, Hong Kong

---

## CORPORATE INFORMATION

---

<b>Headquarter and principal place of business in Singapore</b>	Block 3018 Bedok North Street 5 #02-08 Eastlink Singapore 486132
<b>Principal place of business in Hong Kong</b>	57/F, The Center 99 Queen's Road Central Hong Kong
<b>Registered office in the Cayman Islands</b>	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Company's website</b>	<b><u><a href="http://www.thetomogroup.com">www.thetomogroup.com</a></u></b> <i>(Note: The contents in the website of our Company do not form part of this prospectus)</i>
<b>Company secretary</b>	Mr. Man Yun Wah, <i>HKICS</i> Rooms 2105-06, 21/F Office Tower Langham Place 8 Argyle Street Mongkok, Kowloon Hong Kong
<b>Authorised representatives (for the purpose of the GEM Listing Rules)</b>	Mr. Siew Yew Khuen 7 Siglap Road #20-64 Singapore 448909  Mr. Man Yun Wah, <i>HKICS</i> Rooms 2105-06, 21/F Office Tower Langham Place 8 Argyle Street Mongkok, Kowloon Hong Kong
<b>Compliance officer</b>	Ms. Lee Lai Fong 7 Siglap Road #20-64 Singapore 448909
<b>Audit committee</b>	Mr. Gary Chan Ka Leung ( <i>Chairman</i> ) Mr. Clarence Tan Kum Wah Mr. Lim Cher Hong

---

## CORPORATE INFORMATION

---

<b>Nomination committee</b>	Mr. Clarence Tan Kum Wah ( <i>Chairman</i> ) Mr. Siew Yew Wai Mr. Gary Chan Ka Leung
<b>Remuneration committee</b>	Mr. Lim Cher Hong ( <i>Chairman</i> ) Ms. Lee Lai Fong Mr. Siew Yew Khuen
<b>Corporate Governance committee</b>	Ms. Lee Lai Fong ( <i>Chairlady</i> ) Mr. Siew Yew Khuen Mr. Siew Yew Wai
<b>Principal share registrar and transfer office in the Cayman Islands</b>	<b>Conyers Trust Company (Cayman) Limited</b> Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
<b>Hong Kong branch share registrar and transfer office</b>	<b>Tricor Investor Services Limited</b> Level 22, Hopewell Centre 183 Queen's Road East Hong Kong
<b>Principal banker</b>	<b>DBS Bank Limited</b> 12 Marina Boulevard, Level 43 DBS Asia Central Marina Bay Financial Centre Tower 3 Singapore 018982

---

## INDUSTRY OVERVIEW

---

*The information that appears in this section has been prepared by Frost & Sullivan and reflects the estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in the Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.*

*The information prepared by Frost & Sullivan and set out in this section has not been independently verified by our Group, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters or any other party involved in the Share Offer and neither they nor Frost & Sullivan give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.*

### SOURCE OF INFORMATION

Our Group had commissioned Frost & Sullivan to provide industry information on Singapore passenger vehicle interior modification market. Our Group had agreed to pay a fee of HK\$400,000 to Frost & Sullivan for the report. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the Frost & Sullivan Report.

In compiling and preparing the research report, Frost & Sullivan conducted primary research including interviews with industry experts and participants and secondary research which involved reviewing the statistics published by the Singapore government, International Trade Centre, industry publications, annual reports and data based on its own database. Frost & Sullivan presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. Frost & Sullivan assumed that (i) the social, economic and political environment is expected to remain stable; and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2017 to 2021. On this basis, our Directors are satisfied that the disclosure of future projections and industry data in this section is not biased or misleading.

Our Directors confirm that, after making reasonable enquiries, there is no adverse change in market information since the date of the Frost & Sullivan Report which may qualify, contradict, or have an impact on the information in this Section.

Frost & Sullivan is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training. Its industry coverage includes industrial and machinery, automotive and transportation, chemicals, material and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics and technology, media and telecom. The Frost & Sullivan Report includes information on data of the passenger vehicle interior modification market in Singapore.



---

## INDUSTRY OVERVIEW

---

### OVERVIEW OF MACRO-ECONOMY IN SINGAPORE

#### Nominal GDP and Per Capita Nominal GDP

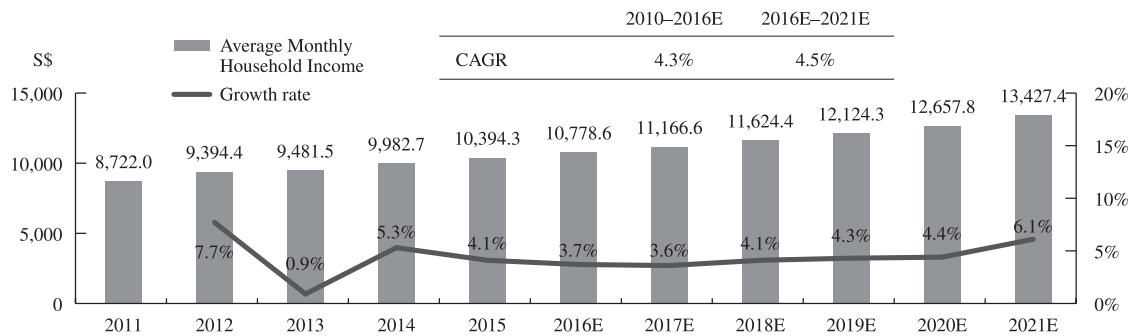
Driven mainly by the development of domestic manufacturing and service sector, nominal GDP in Singapore witnessed a stable growth from S\$346.4 billion in 2011 to S\$413.9 billion in 2016, representing a CAGR of 3.6% during this period. It is estimated that nominal GDP in Singapore will increase from S\$413.9 billion in 2016 to S\$496.1 billion in 2021, representing a CAGR of 3.7%.

Per capita nominal GDP in Singapore increased from S\$66,816.0 in 2011 to S\$74,131.4 in 2016, representing a CAGR of 2.1%. Going forward, it is expected to grow at a CAGR of 2.9% from 2016 to 2021 and reach S\$85,509.8 in 2021.

#### Average Monthly Household Income

The average monthly household income in Singapore increased from S\$8,722.0 in 2011 to S\$10,778.6 in 2016, representing a CAGR of 4.3%. With stable growth of economy in Singapore, income earned by each household in Singapore per month is expected to further grow to S\$13,427.4 in 2021, representing a CAGR of 4.5% from 2016 to 2021.

#### Average Monthly Household Income in Singapore, 2011–2021E



Source: Department of Statistics Singapore, Frost & Sullivan

### OVERVIEW OF SINGAPORE PASSENGER VEHICLE MARKET

#### Definition and Classification of Passenger Vehicle Market

A passenger vehicle is a wheeled road motor vehicle except for motorcycle, intended primarily for the carriage of passengers. Vehicles such as buses and trucks are commercial vehicles, which do not fall into the category of passenger vehicles.

#### Introduction of COE System in Singapore

A COE represents a right to vehicle ownership and use of the limited road space for ten years. Anyone who wishes to register a new vehicle in Singapore must firstly obtain a COE in the appropriate vehicle category. At the end of the ten-year COE period, vehicle owners may choose to deregister their vehicle or to revalidate their COEs for another five or ten-year period by paying the prevailing quota premium. Vehicle owners are also allowed to deregister their COEs before the expiry of the ten-year

---

## INDUSTRY OVERVIEW

---

period and will receive money rebate. COEs are bid through the COE open bidding system. There are two COE open bidding exercises each month and typically run as follows: starting on the first Monday and third Monday of the month at 12pm and, ending two days later on Wednesday at 4pm. According to the LTA, the monthly COE quota is calculated by summing up (i) the allowed annual net increase in vehicle population; (ii) the replacement of de-registered vehicles; and (iii) adjustments to account for changes in taxi population, past over-projections, expired or cancelled temporary COE, etc. Given the allowed annual net increase in vehicle population is kept at a fixed rate of 0.25% of the vehicle population of the previous year since February 2015, and the adjustments remain comparatively stable every month, the replacement of de-registered vehicles largely influences the COE quota.

Vehicle owners are entitled to a COE rebate when his/her vehicle is de-registered before its COE expires. The rebate can be used to offset the Additional Registration Fee (ARF), Registration Fee (RF), Quota Premium (QP) and the S\$10,000 surcharge for an imported used vehicle (registered from 1 September 2007) payable at the registration of his/her new vehicle. If a vehicle owner does not intend to use his/her COE rebate, he/she may sell the vehicle to a third party at a mutually agreed rate. With effect from 1 September 2008, the registered owner of the COE rebate may also apply to LTA for encashment of his/her rebates. All COE rebates are valid for 12 months from the date of de-registration. The rebate is pro-rated to the number of months and days remaining on the vehicle's COE, and the principal calculation of COE rebate can be illustrated as:

$$\text{COE Rebate} = \frac{\text{Quota Premium Paid} \times \text{Balanced Unused Months of COE}}{\text{Total Months of COE}}$$

The Singapore government aims to keep the total number of registered passenger vehicle at a relatively stable volume to meet the needs of transportation and also to prevent the problems of overcrowded traffic and air pollution by controlling the number of COE quota released. The COE quota is computed and set every three months. Number of replacements of the deregistered vehicles is mainly calculated based on the total number of deregistered vehicles during the three months before the last month. All passenger cars including mass production cars, luxury cars and ultra-luxury cars all fall in category A and category B in Singapore.

---

## INDUSTRY OVERVIEW

---

### COE Quota and Bidding Results in Singapore, 2011–2016

	<u>Vehicle Category</u>	<u>Category A Cars (≤1600 cc) &amp; Taxis</u>	<u>Category B Cars (&gt;1600 cc)</u>
2011	Quota	13,026	9,665
	Successful bids	12,708	9,574
	Quota premium	S\$48,206.3	S\$64,937.7
2012	Quota	12,909	8,451
	Successful bids	12,538	8,395
	Quota premium	S\$63,898.0	S\$84,430.6
2013	Quota	8,534	8,230
	Successful bids	8,455	8,042
	Quota premium	S\$74,690.0	S\$78,711.5
2014	Quota	12,230	11,205
	Successful bids	12,127	11,076
	Quota premium	S\$67,675.3	S\$73,281.5
2015	Quota	32,867	21,578
	Successful bids	32,628	21,479
	Quota premium	S\$60,601.2	S\$66,851.1
2016	Quota	48,734	31,361
	Successful bids	48,180	31,055
	Quota premium	S\$49,586.8	S\$52,122.2

*Source: LTA, Frost & Sullivan*

### Introduction of Passenger Vehicle Distributors and Dealers in Singapore

Passenger vehicle distributors and dealers in Singapore sell new or used passenger vehicles at the retail level. New passenger vehicles are all imported from overseas, and based on the varying business models, passenger vehicle distributors and dealers can be classified into:

- Authorised passenger vehicle distributors and dealers sign dealership contracts with specific passenger vehicle manufacturers or their sales subsidiaries. Some authorised distributors and dealers sell single brand passenger vehicles. However, there are also multi-brand authorised passenger vehicle distributors and dealers that sell passenger vehicles and dealers from different manufacturers.
- Independent passenger vehicle distributors and dealers, also known as parallel importers, sell passenger vehicles imported from another country without signing dealership contracts with manufacturers. Independent passenger vehicle distributors and dealers do not obtain authorisation from the passenger vehicle manufacturers.

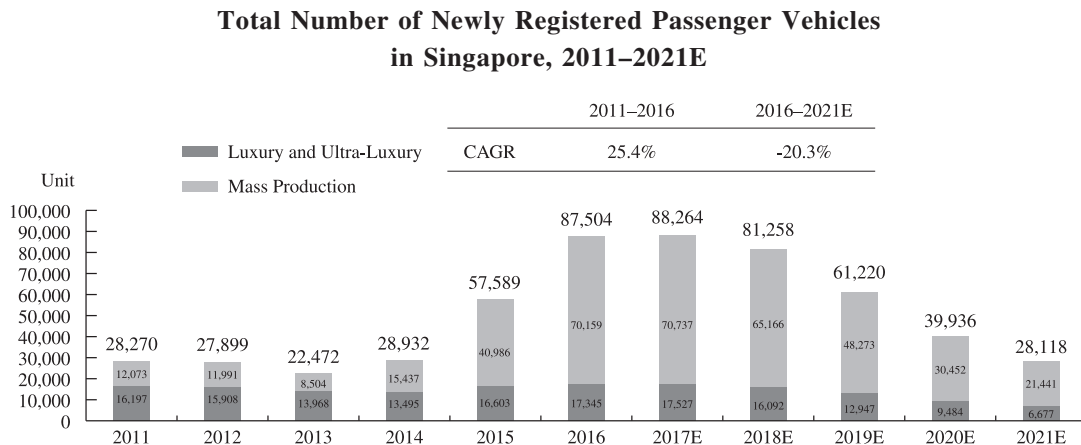
### New Registration of Passenger Vehicle

To alleviate traffic condition, Singapore government has been controlling the total number of vehicles in use by limiting the COE quota. From 2011 to 2013, the COE quota decreased due to the decreasing number of deregistered passenger vehicles in Singapore, and the price of COE kept increasing, resulting in a decreasing number of newly registered vehicles. From 2014 to 2016, the number of both deregistered and newly registered vehicles in Singapore experienced an upward trend. In

## INDUSTRY OVERVIEW

2016, the number of newly registered passenger vehicles increased sharply to 87,504 units from 57,589 units in 2015, representing a growth rate of approximately 51.9% due to the large number of passenger vehicles reaching the ten-year usage limitation.

Going forward, as the number of passenger vehicles about to reach the ten-year usage limitation will remain high in 2017 and 2018, it is expected that, the COE quota will also remain at a high level as people will replace deregistered vehicles, and thus it is projected that the number of newly registered passenger vehicles in Singapore will remain high and reach 88,264 units and 81,258 units respectively in 2017 and 2018. Due to the cyclical nature of the market, a period of decline is expected after 2019 because of the shrinking number of vehicles reaching the ten-year COE period.



Source: LTA, Frost & Sullivan

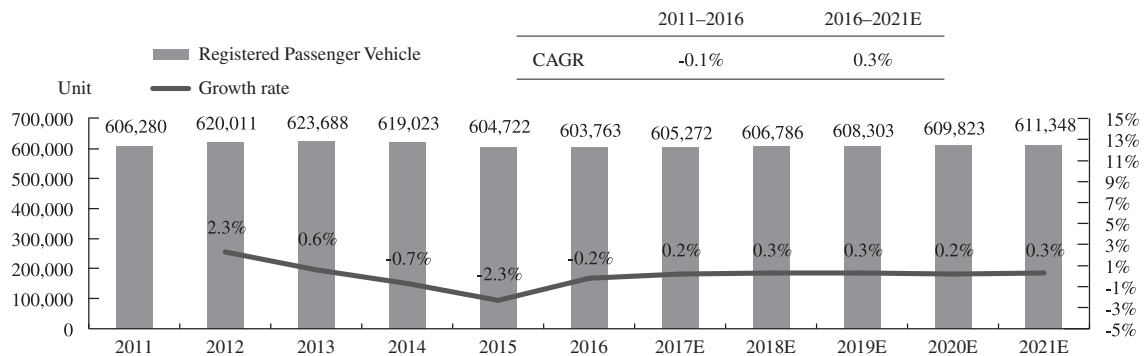
### Total Number of Registered Passenger Vehicle

With the continuous growth of population and nominal GDP in Singapore, the demand for passenger vehicles remained stable. The total number of registered passenger vehicle grew from 606,280 units in 2011 to 623,688 units in 2013. However, from 2014 to 2016, the total number of registered passenger vehicles experienced slight decrease because a large number of old vehicles reached the 10-year usage limitation and were scrapped.

Due to the continuous increase in the COE quota and number of newly registered passenger vehicle since 2015, as well as the expected decreasing number of deregistered passenger vehicles after 2017, the total number of registered passenger vehicle is expected to stop the downward trend and begin to increase in 2017. From 2016 to 2021, it is expected to gradually increase from 603,763 units to 611,348 units in 2021, representing a CAGR of 0.3%.

## INDUSTRY OVERVIEW

### Total Number of Registered Passenger Vehicles in Singapore, 2011–2021E



Source: LTA, Frost & Sullivan

## OVERVIEW OF SINGAPORE PASSENGER VEHICLE INTERIOR MODIFICATION MARKET

### Definition of Passenger Vehicle Interior Modification Market

Passenger vehicle interior modification refers to the procedures of modifying the functionality, performance or appearance of a passenger vehicle by changing its interior parts. Modified passenger vehicles may differ from the original in many areas, including cabin decoration and electronic accessories.

- Cabin decoration modification refers to alterations of vehicle interior appearance. Items that are usually modified by passenger vehicle owners are car seats, interior ceiling, mats, etc.
- Electronic accessories modification refers to the process of modifying passenger vehicles' functionality and performance through changes on vehicle electronic interior accessories. Common accessories are navigation system, reverse camera and reverse sensor, digital video recorders, multi-media entertainment system, etc.

New passenger vehicles with standardised configuration are usually equipped with basic specification interiors that may not fit users' aesthetics. Owners of used passenger vehicles also choose to modify the interiors for replacement of faulted or dated parts, or to upgrade the performance or safety. Interior modifications for passenger vehicles mainly focus on cabin decoration and electronic accessories.

### Industry Value Chain

Upstream suppliers provide raw materials and components such as leather and electronic components.

Passenger vehicle interior modification product and service providers purchase raw materials and components from upstream suppliers and process or assemble them into products that can be applied to modify the interiors of passenger vehicles. Modification services providers also provide modification services such as installation, adjustment, tuning and after-sales services. International PV electronic accessories suppliers may grant exclusive distribution right and/or co-branding permission to Singapore PV interior modification product and service providers, and the selection criteria may include

---

## INDUSTRY OVERVIEW

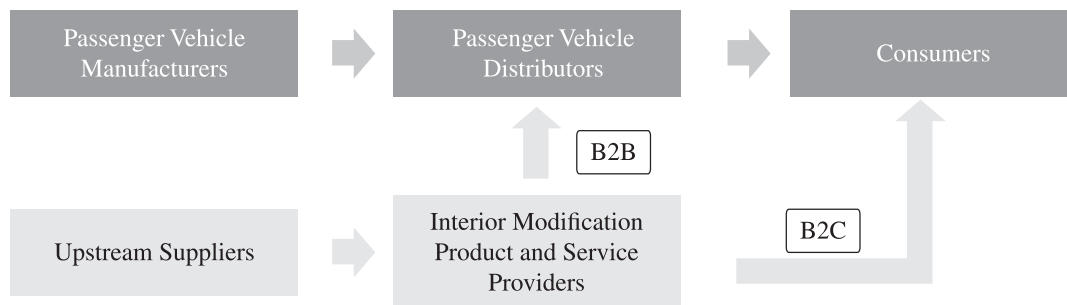
---

modification providers' market performance, manpower techniques, cash flow position and negotiation skills. The formality and terms agreed on such exclusive distribution right and/or co-branding permission varies primarily depending on the business or personal relationship between the parties. Therefore, it is not uncommon in the industry that suppliers grant exclusive distribution right and/or co-branding permission to PV interior modification providers without any standardised or formal agreements in Singapore.

The existence and growth of interior modification product and service providers primarily rely on the modification demand of PV owners. Passenger vehicle interior modification product and service providers operate on two different business models: on B2B model, they sign contracts with passenger vehicles distributors and dealers and act as approved vendors. When consumers purchase vehicles and need interior modifications, distributors and dealers source products and services from those providers. Authorised distributors and dealers select interior modification vendors very carefully by assessing the sales proposals and quotations received; on B2C model, when PV owners want interior modifications for their passenger vehicles during usage for the purposes of changing appearance or enhancing functionality, interior modification product and service providers make sales directly to end consumers.

In Singapore, there are no PV manufacturing plants and all passenger vehicles are imported and then distributed within the country. As Singapore is one of the countries with heavy vehicle taxes, including additional registration fee and excise duty, PV distributors and dealers tend to import PVs with only basic accessories installed in order to lower the customs value of the vehicle, so as to minimise the amount of duties required. The excise duty is 20% of the customs value, while the additional registration fee has a tiered rate ranging from 100% to 180% of the customs value. Most PV distributors and dealers in Singapore would work with local interior modification product and service providers in order to achieve lower cost of products and add value to the business by timely meeting domestic customers' varying demands. When selecting modification product and service providers, PV distributors and dealers generally take into account various factors including the range of products and services provided, availability of skilled manpower, good reputation, and the extent of established partnership with other distributors.

It is common in Singapore that such providers rely on one or several large passenger vehicle distributors and dealers and remain profitable. The reason is that large new passenger vehicle distributors and dealers are usually authorised by multiple passenger vehicle manufacturers, and they are retailing several brands in Singapore. Hence, their customer base covers significant amount of passenger vehicle drivers domestically. Wearnes Automotive, Jardine Cycle & Carriage, and Eurokars are the examples of large distributors that are authorised to retail multiple passenger vehicle brands.



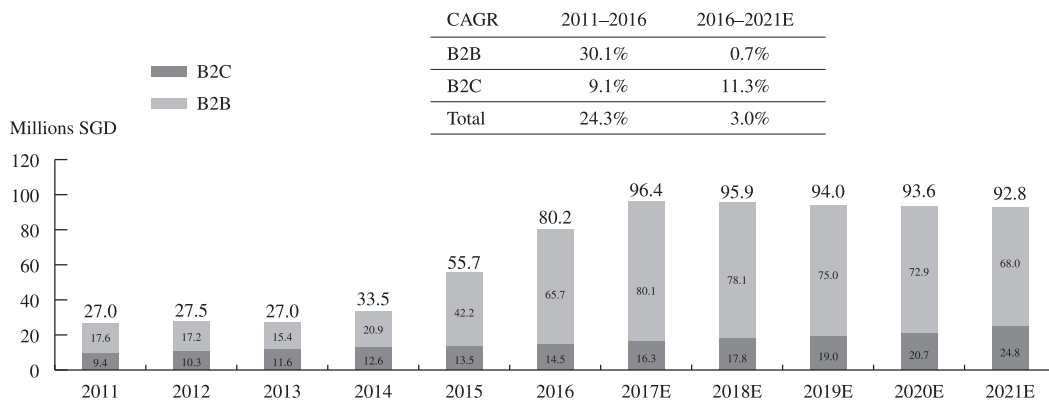
Source: Frost & Sullivan

## INDUSTRY OVERVIEW

### Market Size of Passenger Vehicle Interior Modification Market

The market size of passenger vehicle interior modification industry in Singapore is influenced by various factors, including the number of newly registered passenger vehicles as affected by the COE quota, the sales volume in the used PV market, and the new PV owners and used PV consumers' needs on PV interior customisation. These factors, among others, directly attribute to the demand of the PV interior modification products and services in the B2B and B2C markets.

#### Market Size of Passenger Vehicle Interior Modification Industry in Singapore, 2011–2021E



Source: Frost & Sullivan

Influenced by the limited COE quota during the period from 2011 to 2013, the number of passenger vehicles sold during this period decreases, which resulted in the slight decrease in the market size of B2B interior modification services. From 2014, with reliefs on COE limitation and increase in new passenger vehicle sales, the B2B interior modification market witnessed a recovery in 2014 and a surge in 2015. In 2016, the market size of B2B interior modification products and services reached S\$65.7 million, representing a CAGR of 30.1% from 2011 to 2016. With stable increase in the total number of passenger vehicles in the country, B2C interior modification market increased from S\$9.4 million in 2011 to S\$14.5 million in 2016, representing a CAGR of 9.1%. With the combined effect from B2B and B2C market, the total market size is estimated to increase from S\$80.2 million in 2016 to S\$92.8 million in 2021, representing a CAGR of 3.0% (with 0.7% and 11.3% for B2B and B2C markets respectively).

Going forward, the market size of passenger vehicle interior modification industry is expected to maintain a modest growth, at a CAGR of 3.0% from 2016 to 2021, based on the following basis:

(i) *Sustainable demand in both B2B and B2C markets*

In Singapore, there were over 550 used PV distributors and dealers, which comprised independent sellers and large authorised PV distributors, for example, Jardine Cycle & Carriage, Wearnes Automotive and Borneo Motors, who all have their own authorised used PV retail departments. These large PV distributors and dealers normally source interior modification products and services from their existing suppliers to ensure the consistency of quality products and services provided to their customers. Therefore, good performance of such distributors in used

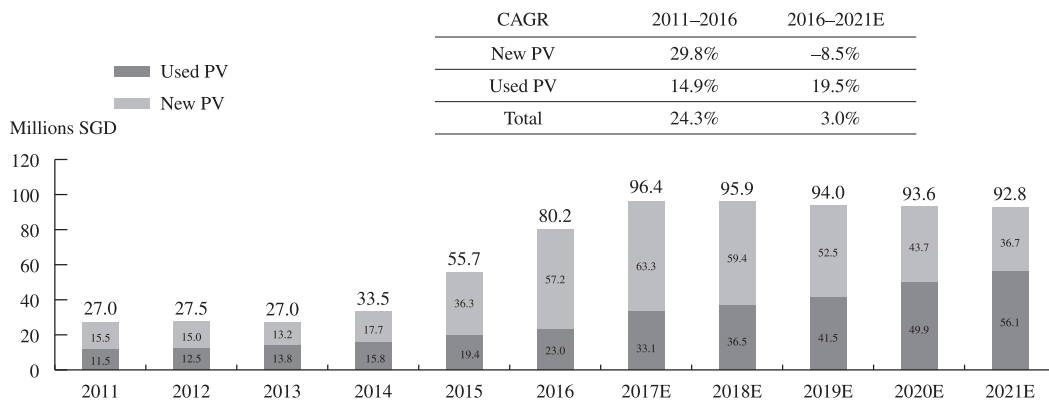
## INDUSTRY OVERVIEW

PV sales also brings opportunities for the contracted interior modification providers to generate revenue. Many PV owners would prefer purchasing interior modification products and services from their PV distributors as the quality of products and services can be guaranteed. Some interior modification providers who were used to be mainly engaged in the B2B business have also started their B2C business and branded themselves as “appointed suppliers for large distributors” to attract more PV owners from the B2C market from the growing used PV market.

(ii) *Steadily increasing number of total registered PVs in Singapore*

Going forward, due to the quota limitation and high COE price, the demand and sales volume of used PVs is expected to experience an upward trend as more people will purchase used PVs. PV distributors and dealers will also actively promote used PVs to maintain profitability, which will in turn generate sustainable market demand for B2B interior modification business.

**Market Size of PV Interior Modification Industry  
Breakdown by Customer Type in Singapore, 2011–2021E**



Source: Frost & Sullivan

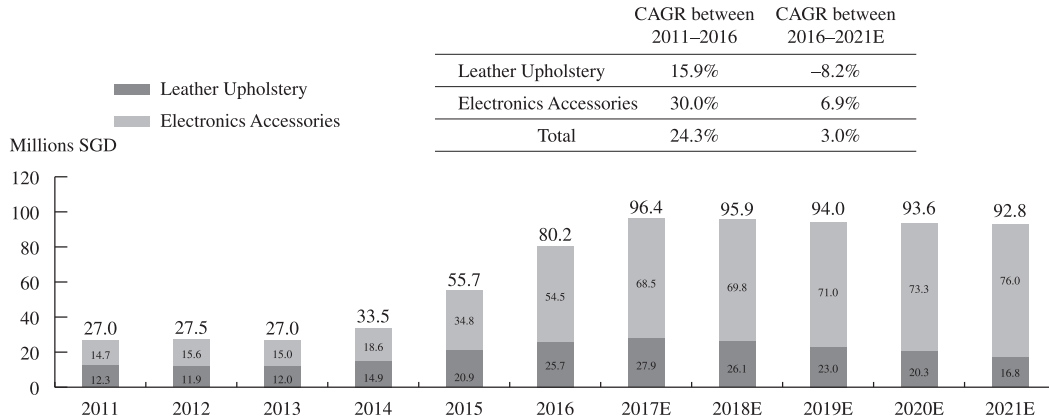
(iii) *PV owners’ higher expectations on both the interior appearance and the growing price of leather upholstery*

For leather upholstery segment, the market size increased from S\$12.3 million in 2011 to S\$25.7 million in 2016, representing a CAGR of 15.9%. The variation trend is generally in line with the changes of new registration of passenger vehicles as sales of leather upholstery by interior service providers are mainly driven by the demand of purchasers of new passenger vehicles. In the future, however, the number of new registrations of passenger vehicles is expected to decrease, which will impact adversely on the sales of leather upholstery. Fortunately, with the increasing variety and sales price of leather products, as well as contributed by the stable sales to owners of used passenger vehicles in the B2B market, the decrease in the sales of leather upholstery is expected to be within an acceptable degree.



## INDUSTRY OVERVIEW

### Market Size of PV Interior Modification Industry Breakdown by Product in Singapore, 2011–2021E



Source: Frost & Sullivan

(iv) *Increasingly diversified and advanced electronic accessories*

The PV electronic accessories segment is expected to continue to grow in the near future. With the development of technology, the types and functionality of electronic products for passenger vehicles are expected to increase to meet the different needs of drivers. As some products can be replaced and installed easily, the sales in both B2B and B2C markets are estimated to grow in the future, which contributes to the expansion of the whole PV interior modification industry in Singapore.

The revenue growth on the used PV market also was driven by the diversified and advanced PV electronic accessories in recent years, such as GPS navigation system, DVR, reverse camera, etc. In the future, more PV electronic accessories are expected to launch in the Singapore market, which will further drive up the average spending of PV drivers on interior modification. Moreover, due to the decline in the number of newly registered PVs in the future, the used PV trading market is expected to be more active. In both the B2B and B2C markets, the sales of interior modification products and services generated from used PVs are expected to surge and surpass the sales generated from new PVs, contributing to a CAGR of 19.5% from 2016 to 2021.

To summarise, benefited by the increasing variety of PV electronic accessories and sales price of leather upholstery, despite the drop in the number of newly registered PVs, the new PV segment of interior modification industry in Singapore is only expected to have a gentle decline. With the increasing total PV population in the future and the growing sales trend of used PVs, the demand for interior modifications in the B2B market is expected to grow, and a large potential for B2C retail of interior modification products and services is also anticipated. The used PV segment is expected to lead the growth of the entire industry, providing more opportunities for market players with resources in both the B2B and B2C businesses.

### Key Market Trends

#### *Wide Acceptance in the Market*

Due to the rising general income level, passenger vehicle interior modification becomes more affordable by the general public, and the concept of luxury has been extended in the passenger vehicle interiors for not only luxury and ultra-luxury passenger vehicles but also applied in mass brand vehicles. As the passenger vehicle interior modification has been introduced to the Singapore market for years, and the penetration rate of interior modification service for luxury passenger vehicles has been increasing, it is expected that the momentum will continue to pick up in forecast years. With the change of taste by the passenger vehicle owners over time, the general public would tend to have their passenger vehicle modified with customised interiors, equipped with top quality materials and upscale accessories like leather seats and premium electronic accessories.

#### *High Technology*

Together with the advancement in digital technology, digital products such as communication equipment, surveillance system and interactive navigation system are widely applied in the market nowadays. The rise of popularity in those products has a great impact on the passenger vehicles design, both interior or exterior, functional or non-functional, and it leads to the increase of many innovative interior modification designs in the market. In the future, it is expected that the technology of passenger vehicle interiors would continue to advance and further contribute the increased popularity of electronic accessories in the market.

#### *Safety*

Rising standard of road safety and increasing safety awareness, different advanced technologies or materials have been deployed in passenger vehicle interior modification market to ensure the safety of driver as well as pedestrians in a comprehensive dimension. To address the safety concern, government required passenger vehicle manufacturers to provide better protective passenger vehicle interiors such as head protection. It also brings a large demand for electronic safety accessories including blind-spot detection systems and collision avoidance systems, etc. On the other hand, new but high performance modification materials, regarding road safety, are being launched in the market recently. For instance, high absorbing power foam has been widely used in interior passenger vehicle parts such as door panels, which could significantly decrease the death rate even in catastrophic accidents.

#### *Energy Saving*

In line with the global trend of increasing awareness in energy saving, passenger vehicle market emerged from conventional heavy manufacturing business to energy saving green business. Every 100kg reduction of weight makes approximately 0.3 litres less for each 100km driving distance. To consume less fuel during combustion, manufacturers are investing capital into research and development, and one of the most efficient ways to reduce the consumption of fuel is to reduce passenger vehicle weight through changes of passenger vehicle interior modification.

### **Key Market Drivers**

#### *Customisation on Passenger Vehicle Interiors is Popular*

With the increase in demand for passenger vehicle parts such as seat covers, steering wheel covers, digitalised rearview mirror and car surveillance system, etc., passenger vehicle interior modification is almost a necessity to end users after purchasing passenger vehicles. The demand for customisation is rising due to the more sophisticated requirement of end users, and the escalating income level allows passenger vehicle owners to furnish their vehicle interiors and turn them into tailor made ones based on their driving habits and personal preferences.

#### *High Standard of In-car Accessories Give Rise to Passenger Vehicle Interior Modification*

There is a wide range of choices of in-car accessories and cockpit electronics, and it basically gives rise to the passenger vehicle interior modification market because large number of accessories require assembling process, which is usually done in vehicle workshops. For instance, the introduction of interactive navigation system has increased the ease of driving and safety in vehicles. Also, electronics used in passenger vehicles could provide high quality infotainment. With the convergence of driving safety and enhanced infotainment, passenger vehicle owners who opt for a better driving experience would certainly tend to have higher demand for interior modification especially in the luxury passenger vehicle market, where the passenger vehicle owners most likely are with higher affordability to have their vehicles undergo further interior modification.

#### *Used Car Market Fuels the Passenger Vehicle Interior Modification Demand*

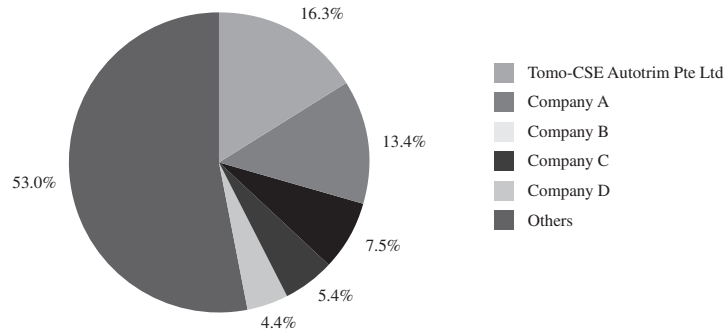
In Singapore, the demand for passenger vehicle interior modification from passenger vehicle dealers is essentially contributed by new passenger vehicles and used passenger vehicles. However, due to the expensive but limited COE quota, end users in Singapore tend to purchase used vehicles ranging from six to nine years old, and opt to wait for the de-registration in the following years. According to LTA, the annual sales of new and used passenger vehicles in 2016 are 80,527 units and 104,478 units, respectively, illustrating the fact that focused segment of passenger vehicle market in the country is the sales market of used vehicles, approximately 30% more than the number of new passenger vehicle in the same year. Before every used passenger vehicle goes on the road again, it is necessary to perform refurbishment and interior modification to ensure the functionality, and cater for the demand of new buyers. The surging demand for interior modification in used vehicle market is surely one of the key drivers to boost the market.

## INDUSTRY OVERVIEW

### Competitive Landscape of Singapore Passenger Vehicle Interior Modification Market

The market of passenger vehicle interior modification in Singapore is comparatively fragmented with top five players accounting for approximately 47.0% of market share in 2016.

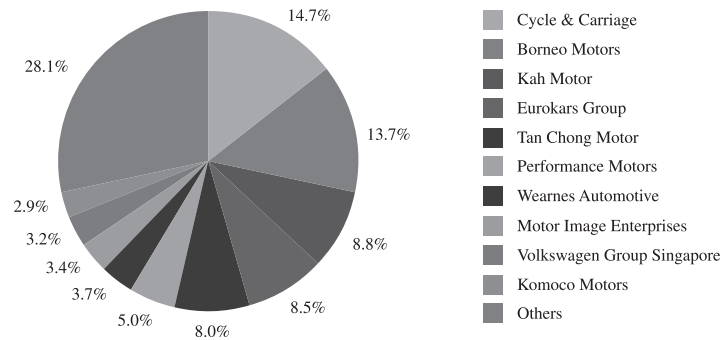
**Market Share of Leading PV Interior Modification Service Providers in Singapore by Sales Revenue, 2016**



Source: Frost & Sullivan

In 2016, the combined market share of top 10 authorised passenger vehicle distributors and dealers in Singapore reached 71.9%. Jardine Cycle & Carriage ranked first with market share of 14.7%, followed by Borneo Motors and Kah Motor with market shares of 13.7% and 8.8% respectively.

**Market Share of Top 10 Authorised Passenger Vehicle Distributors and dealers by Sales Volume of New Passenger Vehicle, 2016**



Source: Frost & Sullivan

In Singapore, the majority of authorised passenger vehicle distributors and dealers do not have independent leather seat providers. The reason is that car brands usually have high requirements on the quality of leather seats and related services, and therefore they possess their own sources for leather seats and installation services.

---

## INDUSTRY OVERVIEW

---

Some authorised passenger vehicle distributors and dealers are allowed to work with local leather seat suppliers after careful consideration and selection. They usually express their needs to several leather seat providers, and ask them to present sales proposals and quotations. It is known as the B2B business model. Currently, there are only two leather seat providers that have contracts with authorised passenger vehicle distributors and dealers.

Most leather seats providers in Singapore are operating on B2C model where they make sales directly to individual passenger vehicle owners. During the warranty period, owners usually have their vehicles modified through their distributors and dealers. When the warranty expires, they can choose to acquire new leather seats from the distributors or independent interior modification workshops.

### Ranking of Major Providers of Passenger Vehicle Leather Upholstery in Singapore

<u>Company</u>	<u>Year of Establishment and Headquarter</u>	<u>Customer Type</u>	<u>Revenue in 2016</u>	<u>Ranking</u>
TOMO-CSE	1995, Singapore	Authorised passenger vehicle distributors and dealers	S\$4.48 million	1
Company A	1993, Singapore	Contractual vehicle distributors and dealers, non-contractual distributors and dealers, and end consumers	S\$4.03 million	2
Company E	2007, Singapore	Car owners	S\$0.98million	3
Company F	1996, Singapore	Car owners	S\$0.84 million	4
Company G	2011, Singapore	Car owners	S\$0.80 million	5

*Source: Frost & Sullivan*

For other passenger vehicle electronic accessories, there are several companies providing such products and installation services for interior usage in Singapore. Some of them are acting as original equipment manufacturers (OEMs) for car brands. Usually, electronic accessories providers also engage in B2C business where they sell technology products and installation services directly to passenger vehicle owners.

---

## INDUSTRY OVERVIEW

---

### Ranking of Major Providers of Passenger Vehicle Electronic Accessories in Singapore

<u>Company</u>	<u>Year of Establishment and Headquarter</u>	<u>Customer Type</u>	<u>Revenue in 2016</u>	<u>Ranking</u>
TOMO-CSE	1995, Singapore	Navigation system, reverse camera and sensor, digital video recorder, etc.	S\$8.60 million	1
Company A	1993, Singapore	Display stands and other passenger vehicle accessories	S\$7.09 million	2
Company B	2006, Singapore	Navigation system; multi-media system; entertainment system; reverse camera; reverse sensors	S\$5.99 million	3
Company C	Singapore	Navigation system; multi-media system; entertainment system; reverse camera;	S\$4.33 million	4
Company D	2008, Singapore	Navigation system; multi-media system; entertainment system; reverse camera; reverse sensors	S\$3.52 million	5

*Source: Frost & Sullivan*

### Major Market Entry Barriers

#### *Limited Skilled Technical Manpower*

To provide high quality interior modification services, employing skilled technicians with in-depth industry expertise is key for service providers. In Singapore, the shortage of skilled technicians remains continuously a large obstacle to enter the industry. Recruitment of skilled local technicians who can provide interior modification services in a timely manner remains a primary difficulty for those overseas companies and small local start-ups who want to enter the passenger vehicle interior modification market in Singapore.

#### *High Capital Investment*

The PV interior modification industry is a capital intensive industry because huge sums of capital will be required for initial stage of project or sometimes before being engaged. As many interior modification products and materials are imported from overseas, such as leather hides and electronic accessories, certain amount of capital should be invested to build procurement channels and form inventory. To ensure the condition and function of the raw materials used in the modification service,

---

## INDUSTRY OVERVIEW

---

service providers have to run laboratory test and functionality test. Moreover, equipment and tools are needed to provide modification services, for example to process leather hides into leather upholstery, which also require capital investment.

To overcome this barrier when entering the market initially, current market leaders, such as TOMO-CSE, took actions such as raising capital through bank financing or invoice factoring, leveraging founders' previously established networks in the industry to acquire bargaining power, and optimising supply chain and inventory management to lower costs.

### *Business Connection*

As there is no domestic vehicle manufacturer in Singapore, all passenger vehicles are imported from foreign countries. To be the modification service providers in Singapore, one has to be with good connection with car dealers because of the limited marketing activity they could do which could prohibit their market reach to different car dealers or car brands. In addition, having stable and sustainable supply of passenger vehicle accessories and parts could enable service providers to constantly offer seamless modification service to car owners. Generally, it is a common practice for companies to stock up inventories in case of emergency use.

### *Complex Consumer Demand*

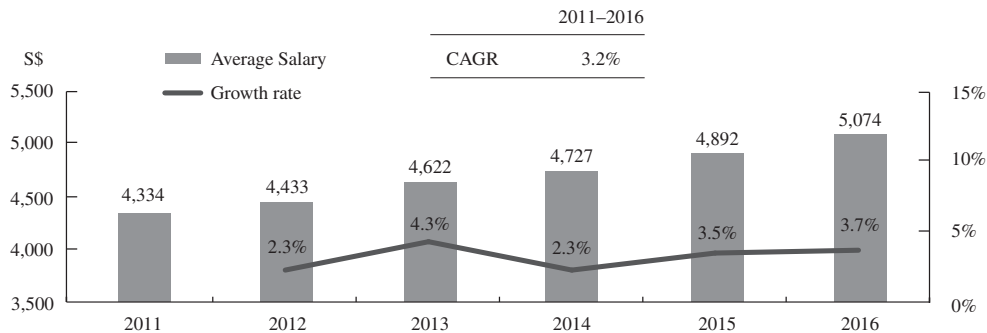
The existing high demands for high-end passenger vehicle accessories and electronic accessories in Singapore give rise to the sophisticated consumer demand in passenger vehicle interior modification market due to the fact that most of the in-car items require proper installation. Companies with insufficient industry expertise and servicing capacity will face difficulties in entering the market. Leading service providers with integrated value chain, good network with car dealers, and large serving capacity are able to provide services catered for consumers' ever-changing demands by providing them with the latest high-end accessories, and modifying vehicle interior with the latest cutting-edge technology

## INDUSTRY OVERVIEW

### Labour Cost in Singapore

In 2011, the monthly average salary for an employee in Singapore was around S\$4,334. With the impact of inflation and people’s improving living standards, employees’ salaries witnessed an increase over the past five years. In 2016, monthly average salary reached S\$5,074, representing a CAGR of 3.2% from 2011 to 2016.

**Monthly Average Salary of Employees  
in All Industries of Singapore, 2011–2016**



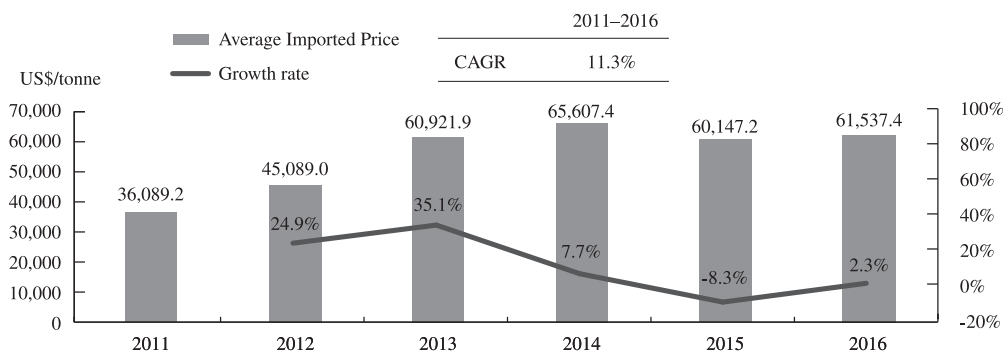
Source: Department of Statistics Singapore, Frost & Sullivan

### Price of Major Raw Materials

In Singapore, interior modifications that are applied to passenger vehicles are mainly on seats and electronic accessories with specialised functions. The raw materials for passenger vehicle interior modifications are i) imported leather that is used for making leather seats, mats, and other decorating covers, ii) electronic accessories for vehicle usage, and iii) domestic skilled labour force, which are essentially important in interior modification.

Leather imported from overseas into Singapore was valued at US\$36,089.2 per tonne in 2011. Influenced by the increasingly limited global supply of raw hides and skins, the price of leather increased to US\$61,537.4 per tonne in 2016, representing a CAGR of 11.3% from 2011 to 2016.

**Average Price of Leather Imported by Singapore, 2011–2016**



Source: International Trade Centre, Frost & Sullivan



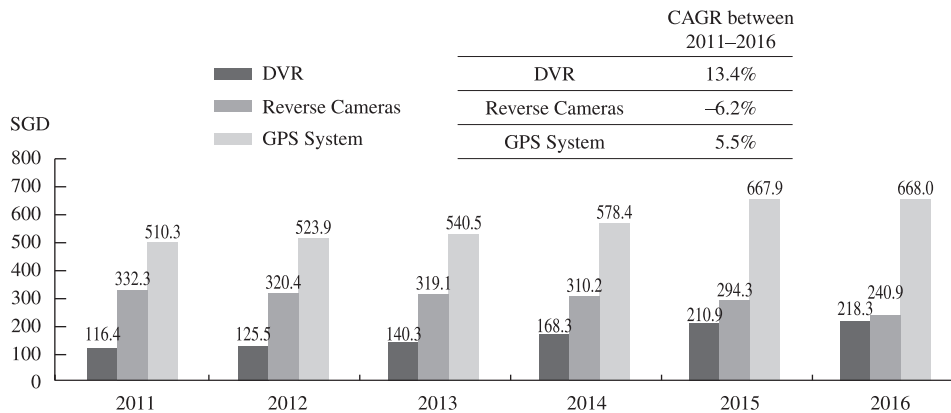
## INDUSTRY OVERVIEW

PV electronic accessories sold in Singapore are mainly imported from overseas, such as Taiwan, Japan, Korea and China, and the rest are provided by domestic manufacturers. PV interior modification product and service providers normally purchase finished electronic accessories from manufacturers and sell to customers along with installation and adjusting services as well as technology supports. Digital video recorders (DVR), reverse cameras and GPS system are the typical PV electronic accessories that are widely used by drivers in Singapore.

Different models of each product are purchased at different prices due to the variance of functionality, quality and brand. The following table shows the average prices of DVR, reverse cameras and GPS system for PV usage.

The average cost price of DVR has been increasing from 2011 to 2016 as a result of improvement in picture definition and increasing convenience in data access. The average cost price of reverse cameras witnessed a decrease trend from 2011 to 2016 due to the declining costs of raw materials and increasingly fierce competition among manufacturers. For GPS system, with the use of escalating advanced technology for the pursuit of higher positioning accuracy and faster navigation, the average cost price has been increasing over the past five years.

**Average Cost Prices of DVR, Reverse Cameras and GPS System  
for Passenger Vehicles in Singapore, 2011–2016**



Source: Frost & Sullivan

---

## REGULATORY OVERVIEW

---

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

### Vehicle Modifications

Under Section 6 of the RTA, the LTA may make rules generally as to the use of vehicles, their construction and equipment and conditions under which they may be used. In addition, under Section 140 of the RTA, the appropriate minister may make rules for, among others, any purpose for which rules may be made under the RTA and generally for the purpose of carrying out the RTA into effect.

Rules that have been made pursuant to Sections 6 and 140 of the RTA include the Road Traffic (Motor Vehicles, Construction and Use) Rules, the Road Traffic (Motor Vehicles, Lighting) Rules and the Road Traffic (Motor Vehicles, Seat Belts) Rules which stipulate, among others, the requirements pertaining to length, width and height of a vehicle, brakes, mirrors, smoke and noise emissions, seat belts, lighting and lamps requirements.

Section 5 of the RTA prescribes that a person who alters a vehicle so as to render its condition such that the use of the vehicle in that condition would be unlawful by virtue of the RTA, shall be guilty of an offence. “Alter” includes carrying or authorising a person to alter, and offering to alter. Pursuant to Section 5(6) of the RTA, if a vehicle is used or is sold, supplied, offered or altered in contravention of the RTA, any person who so uses the vehicle or causes or permits the vehicle to be used or so sells, supplies, offers or alters it or causes or permits it to be sold, supplied, offered or altered shall be guilty of an offence. Any person who is guilty of an offence under Section 5(6) of the RTA shall be liable on conviction to a fine not exceeding S\$5,000 or to imprisonment for a term not exceeding three months or to both and, in the case of a second or subsequent conviction, to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding six months or to both.

As at the Latest Practicable Date, under guidelines issued by the LTA, there are three categories of modifications: (a) modifications that are allowed without seeking the approval of the LTA, (b) modifications that require the approval of the LTA, and (c) modifications that are not allowed. Examples of each category are set out below:

#### *Modifications that are allowed without seeking the approval of the LTA*

- (i) bumpers;
- (ii) car seats;
- (iii) fog lamps;
- (iv) fuel additives;
- (v) fuel molecule polarisers;
- (vi) gear knobs;
- (vii) in-vehicle entertainment systems; and
- (viii) in-vehicle information and communication systems (Navigation system).

---

## REGULATORY OVERVIEW

---

### *Modifications that require the approval of the LTA*

Modifications that require the approval of LTA include but are not limited to:

- (i) engines;
- (ii) exhaust system;
- (iii) hoods or canopies;
- (iv) seating arrangements;
- (v) sunroofs;
- (vi) superchargers and turbochargers; and
- (vii) transmissions or gearboxes.

### *Modifications that are not allowed*

- (i) air horns;
- (ii) automatic headlamp switch-on function on motorcycles;
- (iii) chain guards;
- (iv) chassis;
- (v) crash bars;
- (vi) daytime-running lamps;
- (vii) decorative lamps;
- (viii) engine capacity;
- (ix) head lamps;
- (x) nitrous injection devices;
- (xi) spot lamps;
- (xii) tinting or masking of vehicle lamps; and
- (xiii) tow hooks.

---

## REGULATORY OVERVIEW

---

### REGULATION OF IMPORTS AND EXPORTS ACT

The RIEA provides for the regulation, registration and control of imports into, exports out of and transshipments in or in transit through Singapore, of goods through requirements of permits. The RIEA is administered by the Director-General of Customs appointed under section 4(1) of the Customs Act (Chapter 70) of Singapore. TOMO-CSE engages freight forwarders to undertake the import of its products into Singapore, and these freight forwarders make the necessary permit applications for its imports on a transactional basis.

### WORKPLACE SAFETY AND HEALTH ACT

The WSHA provides that every employer has the duty to take, so far as is reasonably practicable, such measures as are necessary to ensure the safety and health of his employees at work. These measures include providing and maintaining for the employees a work environment which is safe, without risk to health, and adequate as regards facilities and arrangements for their welfare at work, ensuring that adequate safety measures are taken in respect of any machinery, equipment, plant, article or process used by the employees, ensuring that the employees are not exposed to hazards arising out of the arrangement, disposal, manipulation, organisation, processing, storage, transport, working or use of things in their workplace or near their workplace and under the control of the employer, developing and implementing procedures for dealing with emergencies that may arise while the employees are at work and ensuring that the employees at work have adequate instruction, information, training and supervision as is necessary for the employees to perform their work. More specific duties imposed by the relevant regulatory body, MOM, on employers are laid out in the WSHR.

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

Under the WSHA, the CWSH may serve a remedial order or a stop-work order in respect of a workplace if he is satisfied that:

- (i) the workplace is in such condition, or is so located, or any part of the machinery, equipment, plant or article in the workplace is so used, that any process or work carried on in the workplace cannot be carried on with due regard to the safety, health and welfare of the persons at work;
- (ii) any person has contravened any duty imposed by the WSHA; or
- (iii) any person has done any act, or has refrained from doing any act which, in the opinion of the CWSH, poses or is likely to pose a risk to the safety, health and welfare of persons at work.

---

## **REGULATORY OVERVIEW**

---

The remedial order shall direct the person served with the order to take such measures, to the satisfaction of the CWSH, to, among others, remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work, whilst the stop-work order shall direct the person served with the order to immediately cease to carry on any work or process indefinitely or until such measures as are required by the CWSH have been taken to the satisfaction of the CWSH to remedy any danger so as to enable the work or process in the workplace to be carried on with due regard to the safety, health and welfare of the persons at work.

The Workplace Safety and Health Council has approved codes of practices for the purpose of providing practical guidance with respect to the requirements of the WSHA relating to safety, health and welfare at work.

In addition to the above, under the WSHA, inspectors appointed by the CWSH may, among others, enter a workplace to make such examination and inquiry as may be necessary to ascertain whether the provisions of the WSHA are complied with, to take samples of any material or substance found in a workplace or being discharged from any workplace for the purpose of analysis or test, to assess the levels of noise, illumination, heat or harmful or hazardous substances in any workplace and the exposure levels of persons at work therein and to take into custody any article in a workplace which is required for the purpose of an investigation or inquiry.

### **EMPLOYMENT ACT**

The EA covers employees who are under a contract of service with an employer and includes, among others, a workman (as defined under the EA). However, the EA generally does not cover persons who are employed in a managerial or executive position and are in receipt of salaries exceeding S\$4,500 a month. The EA is administered by the MOM and sets out the basic terms and conditions of employment and the rights and responsibilities of employers as well as employees who are covered under the EA.

In particular, Part IV of the EA sets out requirements for rest days, hours of work and other conditions of service for workmen who receive salaries not exceeding S\$4,500 a month and employees (other than workmen) who receive salaries not exceeding S\$2,500 a month. Section 38(8) of the EA provides that an employee is not allowed to work for more than 12 hours in any one day except in specified circumstances, such as where the work is essential to the life of the community, defence or security. In addition, Section 38(5) of the EA limits the extent of overtime work that an employee can perform to 72 hours a month.

Employers must seek the prior approval of the CL for exemption if they require an employee or class of employees to work for more than 12 hours a day or more than 72 overtime hours a month. The CL may, after considering the operational needs of the employer and the health and safety of the employee or class of employees, by order in writing, exempt such employees from the overtime limits subject to such conditions as the CL thinks fit. Where such exemptions have been granted, the employer shall display the order or a copy thereof conspicuously in the place where such employees are employed.

An employer who breaches the above provisions shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000, and for a second or subsequent offence to a fine not exceeding S\$10,000 or to imprisonment for a term not exceeding 12 months or to both.

---

## REGULATORY OVERVIEW

---

To the best of our Directors' knowledge, TOMO-CSE has complied with the requirements of the EA.

### EMPLOYMENT OF FOREIGN MANPOWER

The employment of foreign employees in Singapore is governed by the EFMA and regulated by the MOM as well as the government's policies and regulations on the immigration and employment of foreign workers in Singapore. The policies and regulations are set out in, among others, the EFMA and the relevant government gazettes.

In Singapore, under Section 5(1) of the EFMA, no person shall employ a foreign employee unless he has obtained in respect of the foreign employee a valid work pass from the Controller of Work Passes, which allows the foreign employee to work for him. Any person who fails to comply with or contravenes Section 5(1) of the EFMA shall be guilty of an offence and shall:

- (a) be liable on conviction to a fine of not less than S\$5,000 and not more than S\$30,000 or to imprisonment for a term not exceeding 12 months or to both; and
- (b) on a second or subsequent conviction:
  - (i) in the case of an individual, with a fine of not less than S\$10,000 and not more than S\$30,000 and with imprisonment for a term of not less than one month and not more than 12 months; or
  - (ii) in any other case, be punished with a fine of not less than S\$20,000 and not more than S\$60,000.

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

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

An employer of foreign workers is also subject to, among others, the provisions set out in the EA, the EFMA, the IA and the regulations issued pursuant to the IA.

As at the Latest Practicable Date, the approved source countries for workers in the manufacturing industry are Malaysia, PRC, Hong Kong, Macau, South Korea and Taiwan.

As at the Latest Practicable Date, a S\$5,000 security bond in the form of a banker's guarantee or insurance guarantee is required to be placed for each non-Malaysian work permit holder that the Group employs in Singapore. The security bond will be discharged when the work permit has been cancelled and the foreign worker has returned to his home country, and there were no breaches of the conditions of the security bond.

---

## REGULATORY OVERVIEW

---

The employment of foreign workers is also subject to the payment of levies. For the manufacturing sector, employers pay the requisite levy according to the quota and qualification of the foreign workers employed. As at the Latest Practicable Date, the quota and levy rate for the manufacturing sector are as follows:

<u>Quota</u>	<u>Basic skilled (monthly)</u>	<u>Basic skilled (daily)</u>	<u>Higher skilled (monthly)</u>	<u>Higher skilled (daily)</u>
Basic Tier/Tier 1: Up to 25% of the total workforce	S\$370	S\$12.17	S\$250	S\$8.22
Tier 2: Above 25% to 50% of the total workforce	S\$470	S\$15.46	S\$350	S\$11.51
Tier 3: Above 50% to 60% of the total workforce	S\$650	S\$21.37	S\$550	S\$18.09

In relation to the employment of semi-skilled or unskilled foreign workers, employers must ensure that such persons apply for a work permit.

As at the Latest Practicable Date, TOMO-CSE had 31 foreign employees, all of whom are holders of a work permit.

Under the Employment of Foreign Manpower (Work Passes) Regulations 2012, employers of Work Permit holders are required, among others, to:

- (i) be responsible for and bear the costs of the upkeep (excluding the provision of food) and maintenance of the foreign employee in Singapore, as well as medical treatment;
- (ii) provide safe working conditions;
- (iii) provide acceptable accommodation consistent with any written law, directive, guideline, circular or other instrument issued by any competent authority; and
- (iv) provide and maintain medical insurance for inpatient care and day surgery, with coverage of at least S\$15,000 per every 12-month period.

### WORK INJURY COMPENSATION ACT

The WICA, regulated by the MOM, applies to all employees (with the exception of those set out in the Fourth Schedule of the WICA) who have entered into or works under a contract of service or apprenticeship with an employer, in respect of personal injury suffered by them arising out of and in the course of their employment and sets out, among other things, the amount of compensation that they are entitled to and the method(s) of calculating such compensation.

---

## REGULATORY OVERVIEW

---

The WICA provides that if in any employment, personal injury by accident arising out of and in the course of the employment is caused to an employee, his employer shall be liable to pay compensation in accordance with the provisions of the WICA. The amount of compensation shall be computed in accordance with a fixed formula as set out in the Third Schedule of the WICA, subject to a maximum and minimum limit.

### **WORKPLACE SAFETY AND HEALTH (REGISTRATION OF FACTORIES) REGULATIONS 2008**

Any person who desires to occupy or use any premises as a factory not falling within any of the classes of factories described in the First Schedule of the Workplace Safety and Health (Registration of Factories) Regulations 2008 (the “**WSH Factories Regulations**”) is required, among others, to submit a notification (“**Factory Notification**”) to the CWSH of his intention to occupy or use those premises as such a factory, before the commencement of operation of the factory. The Factory Notification shall be:

- (a) submitted to the CWSH in such form and manner as the CWSH may require; and
- (b) be accompanied by such particulars, information, statements and documents as the CWSH may require.

Any person who contravenes the requirement to submit a Factory Notification shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$5,000.

The above duty to notify the CWSH shall apply whether the aforementioned person is the first person to occupy or use the premises as such a factory or is taking over the occupation or use of those premises as such a factory from another person.

The occupier of the factory in respect of which a Factory Notification has been submitted shall:

- (a) where any change takes place in any of the particulars of the factory which have been notified to the CWSH, furnish particulars of change to the CWSH, not later than 14 days of the change taking place; and
- (b) notify the CWSH if he intends to cease his occupation or use of the factory, not less than 14 days before so ceasing,

in such form and manner as the CWSH may require. Any person in contravention of the foregoing shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$2,000.

In addition, the occupier of a factory in respect of which a Factory Notification has been submitted shall where any change is to be made to the type of work carried out in the factory, inform the CWSH of the proposed change in writing and provide the CWSH with the relevant documents pertaining to the change and such other information as the CWSH may require, not less than one month before the change is made. Any person who contravenes the foregoing shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S\$3,000.



---

## REGULATORY OVERVIEW

---

### CPF CONTRIBUTIONS

The CPF is a comprehensive social security system that enables working citizens and permanent residents of Singapore to set aside funds for retirement. TOMO-CSE is required to pay monthly to the CPF in respect of each employee, who is a citizen or permanent resident of Singapore, contributions at the contribution rates prescribed under the Central Provident Fund Act (Chapter 36) of Singapore.

### PERSONAL DATA PROTECTION ACT

The PDPA establishes data protection law governing the collection, use and disclosure of personal data by organisations in a manner that recognises both the right of individuals to protect their personal data and the need of organisations to collect, use or disclose personal data for purposes that a reasonable person would consider appropriate in circumstances. Under the PDPA, personal data means data, whether true or not, about an individual who can be identified from that data and/or other information which the organisation has or is likely to have access. Before the collection, use or disclosure of the personal data, TOMO-CSE is required to inform the individual of:

- (i) the purposes for the collection, use or disclosure of the personal data;
- (ii) any other purpose of the use or disclosure of the personal data of which the individual has not been informed previously; and
- (iii) on request by the individual, the business contact information of a person who is able to answer on behalf of the organisation the individual's questions about the collection, use or disclosure of the personal data.

Under the PDPA, TOMO-CSE shall not collect, use or disclose personal data about an individual unless the individual gives or is deemed to have given his consent under the PDPA to the collection, use or disclosure unless authorised under the PDPA or any other written law. An individual is deemed to consent to the collection, use or disclosure of personal data for a purpose if the individual voluntarily provides the personal information to TOMO-CSE for the same purpose and it is reasonable that the individual would do so. If an individual consents or is deemed to have given consent to the disclosure of the individual's personal data from one organisation to another organisation for a particular purpose, the individual is also deemed to consent to the collection, use or disclosure of the personal data for that particular purpose by that other organisation. TOMO-CSE may collect, use or disclose personal data about an individual only for purposes that a reasonable person would consider appropriate in the circumstances.

An individual may request for TOMO-CSE to provide the individual with, as soon as reasonably possible, personal data about the individual that is in TOMO-CSE's possession or control and information about the ways in which the individual's personal data has been or may have been used or disclosed by TOMO-CSE within a year before the date of the request. The individual may also request that TOMO-CSE corrects an error or omission in the personal data about the individual that is in TOMO-CSE's possession or control. Unless TOMO-CSE is satisfied on reasonable grounds that a correction should not be made, TOMO-CSE is required to correct the personal data as soon as practicable and if the individual consents, send the corrected personal data to every other organisation to which the personal data was disclosed by TOMO-CSE within a year before the date the correction was made unless that organisation does not need the correct personal data for any legal or business purposes.

---

## **REGULATORY OVERVIEW**

---

An individual may, on giving TOMO-CSE reasonable notice, withdraw any consent given or deemed given under the PDPA in respect of the collection, use or disclosure of personal data about the individual for any purpose. If an individual withdraws consent to the collection, use or disclosure of the individual's personal data, TOMO-CSE shall cease collecting, using or disclosing the personal data unless authorised under the PDPA or other written law. TOMO-CSE shall also cease to retain documents containing personal data or remove any means by which the personal data can be associated with the individual as soon as it is reasonable to assume that the purpose for which the personal data was collected is no longer being served and retention is no longer necessary for legal or business purposes.

Additionally, the PDPA establishes the DNC Register. A subscriber to a Singapore telephone number may apply to the Personal Data Protection Commission to add or remove that telephone number from the DNC Register. Under the PDPA, TOMO-CSE shall not send any specified messages addressed to the Singapore telephone number in the DNC Register unless TOMO-CSE has applied to confirm and have received confirmation from the Personal Data Protection Commission that the Singapore telephone is not listed in the DNC Register. Specified messages are messages where, having regard to, among others, its contents and presentation, it could be concluded that the purpose of the message is to offer, advertise, promote or supply goods or services, land, business or investment opportunity.

### **COMPLIANCE WITH THE RELEVANT REQUIREMENTS**

Our Directors confirm that, during the Track Record Period and up to the Latest Practicable Date, our Group had been in compliance with all applicable law and regulations in Singapore which are material to the business.

---

## HISTORY, REORGANISATION AND GROUP STRUCTURE

---

### HISTORY AND DEVELOPMENT OF OUR GROUP

#### Business History

Our founders, Mr. David Siew and Ms. Lee anticipated the growing demand for the supply and installation of PV leather upholstery and electronic accessories and incorporated our Group's principal operating subsidiary, TOMO-CSE, in 1995 to carry out the leather upholstery business and the electronics accessories business.

Our Group operated out of a workshop of approximately 115 sq.m. which was leased from an Independent Third Party and had two vans for sending our technicians and PV leather upholstery and/or PV accessories to our customers' workshops or vehicle preparation centres for installation. Within a year from incorporation of TOMO-CSE, our Group started to supply and install passenger vehicle leather upholstery and electronic accessories to Customer Group A.

In 2003, to accommodate the growth of our Group's leather upholstery business and electronic accessories business, we purchased and moved into a workshop of approximately 573 sq.m. Our Group's mobile van fleet had also increased from initially two vans to six vans in 2003, in order to cope with the increasing number of orders secured by our Group.

In 2011, in line with our Group's strategic direction to provide the latest passenger vehicle electronic accessories in the market, our Group set up our Product Testing and Quality Control Department to identify and evaluate the latest in-demand PV accessories in the market. After identifying and shortlisting such products, our Product Testing and Quality Control Department subjects each shortlisted product to stringent in-house testing in order to ensure the quality of our product offering. Furthermore, our Group actively and continuously secures the distribution rights to the latest quality vehicle accessories products.

As at the Latest Practicable Date, our Group supplies and installs passenger vehicle leather upholstery and a wide range of PV electronic accessories, such as digital video recorders, interactive multimedia systems, navigation systems, parking sensors and cameras, primarily to a number of the authorised PV distributors and dealers 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.

---

## HISTORY, REORGANISATION AND GROUP STRUCTURE

---

### Key milestones of our Group

The following table sets forth the major milestones of our Group's development.

Year	Milestones
1995	Establishment of TOMO-CSE.  TOMO-CSE commenced to supply and install PV leather upholstery and accessories to Customer Group A, our largest customer during the Track Record Period.
2003	TOMO-CSE acquired its current premises.
2011	TOMO-CSE was awarded the 2011 Successful Entrepreneur — “Platinum” award.  TOMO-CSE set up its Product Testing and Quality Control Department to evaluate and identify the latest in-demand passenger vehicle electronic accessories in the market.
2013	TOMO-CSE successfully registered its “Eurostyle” logo.
2016	TOMO-CSE obtained the ISO 9001:2008 certification.
2017	TOMO-CSE expanded its mobile van fleet to eight vans.

### CORPORATE HISTORY

As at the Latest Practicable Date, our Group comprised our Company, TOMO Enterprises and TOMO-CSE. The following is a brief corporate history of the establishment and major changes in the shareholdings of our Company and our subsidiaries during the Track Record Period.

#### Our Company

For the purposes of the Listing, our Company was incorporated on 16 January 2017 in the Cayman Islands under the Companies Law as an exempted company with limited liability with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. Upon its incorporation, one nil-paid initial Share was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited. On the same day, the said nil-paid initial Share was transferred to TOMO Ventures at nil consideration. As a result, our Company became a wholly-owned subsidiary of TOMO Ventures.

On 23 June 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares to HK\$100,000,000 comprising 10,000,000,000 Shares by the creation of an additional 9,962,000,000 Shares which rank *pari passu* in all respects with the existing Shares. For details of changes in the share capital of our Group, please refer to the section headed “Statutory and General Information — Further Information about our Company and its Subsidiaries — 2. Changes in authorised and issued share capital of our Company” in Appendix IV to this prospectus.

---

## HISTORY, REORGANISATION AND GROUP STRUCTURE

---

Our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 26 February 2017.

As a result of the Reorganisation, our Company has become the ultimate holding company of our Group. For further details of such transfers, please refer to the paragraph headed “Reorganisation” in this section.

### **TOMO Enterprises Limited**

On 26 January 2017, TOMO Enterprises was incorporated in the BVI with limited liability. TOMO Enterprises is authorised to issue a maximum of 50,000 shares of a single class of US\$1.00 par value each, of which one share of US\$1.00 was allotted and issued to our Company for cash and at par. As a result, TOMO Enterprises became a wholly-owned subsidiary of our Company.

TOMO Enterprises is an investment holding company and the intermediate holding company of TOMO-CSE.

### **TOMO-CSE Autotrim Pte Ltd**

On 27 October 1995, TOMO-CSE was incorporated in Singapore as a private company limited by shares and was principally engaged in the businesses of supply and installation of PV leather upholstery and electronic accessories.

On incorporation, TOMO-CSE had an issued and paid up share capital of S\$100 comprising 100 ordinary shares of S\$1.00 each. On 28 December 1995, TOMO-CSE increased its issued and paid up share capital from S\$100 comprising 100 shares to S\$30,000 comprising 30,000 shares. On 6 November 1999, TOMO-CSE increased its issued and paid up share capital from S\$30,000 comprising 30,000 shares to S\$100,000 comprising 100,000 shares. On 12 December 2001, TOMO-CSE increased its issued and paid up share capital from S\$100,000 comprising 100,000 shares to S\$200,000 comprising 200,000 shares.

As at the Latest Practicable Date, TOMO-CSE has an issued and paid up share capital of S\$200,000 comprising 200,000 shares.

The history of the changes in the share capital and shareholdings of TOMO-CSE is set out below:

On 27 October 1995, Mr. David Siew and Ms. Lee were respectively allotted and issued 70 shares and 30 shares in the capital of TOMO-CSE, credited as fully paid, upon incorporation at the subscription price of S\$70 and S\$30 respectively.

On 28 December 1995, Mr. David Siew and Ms. Lee were respectively allotted and issued 20,930 and 8,970 shares in the capital of TOMO-CSE, credited as fully paid, at the subscription price of S\$20,930 and S\$8,970 respectively.

On 2 June 1997, 6,300 shares in the capital of TOMO-CSE were transferred from Mr. David Siew to Ms. Lee for a consideration of S\$6,300, which was fully satisfied in cash. The said transfer had been legally completed and settled. As a result of said transfer, TOMO-CSE was owned as to 51% by Ms. Lee and 49% by Mr. David Siew, respectively.

---

## HISTORY, REORGANISATION AND GROUP STRUCTURE

---

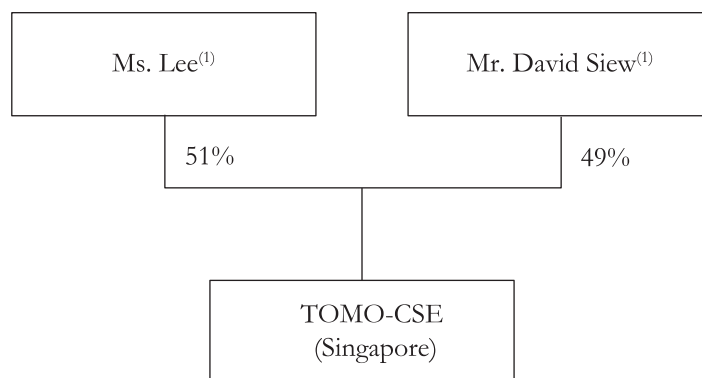
On 6 November 1999, Mr. David Siew and Ms. Lee were respectively allotted and issued 34,300 and 35,700 shares in the capital of TOMO-CSE, credited as fully paid, at the subscription price of S\$34,300 and S\$35,700, respectively.

On 12 December 2001, Mr. David Siew and Ms. Lee were respectively allotted and issued 49,000 and 51,000 shares in the capital of TOMO-CSE, credited as fully paid, at the subscription price of S\$49,000 and S\$51,000, respectively.

On 16 June 2017, as part of the Reorganisation, the entire issued share capital of TOMO-CSE was transferred from Ms. Lee and Mr. David Siew to our nominee, TOMO Enterprises, in consideration of our Company (i) allotting and issuing an aggregate of 99 Shares in its share capital in the following manner: (a) 50 Shares to TOMO Ventures (being the nominee of Ms. Lee) and (b) 49 Shares to TOMO Ventures (being the nominee of Mr. David Siew), all credited as fully paid; (ii) crediting the initial Share as fully paid in its share capital held in the name of TOMO Ventures (at the instruction of Ms. Lee); and (iii) procuring the registration of the name of TOMO Ventures in the register of members of our Company in respect of the said 99 newly issued Shares.

### REORGANISATION

#### Immediately before the Reorganisation



*Note:*

- (1) Ms. Lee is the spouse of Mr. David Siew and they are parties acting in concert.

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

- (i) On 6 January 2017, TOMO Ventures was incorporated in the BVI and on the same day, 51 and 49 shares in TOMO Ventures were allotted and issued to Ms. Lee and Mr. David Siew, respectively, for cash at US\$1.00 per share.
- (ii) On 16 January 2017, our Company was incorporated in the Cayman Islands with an authorised share capital of HK\$380,000 divided into 38,000,000 Shares. On the date of its incorporation, one nil-paid initial Share was allotted and issued to the nominee of Conyers Trust Company (Cayman) Limited, and was subsequently transferred to TOMO Ventures on the same date.

---

## HISTORY, REORGANISATION AND GROUP STRUCTURE

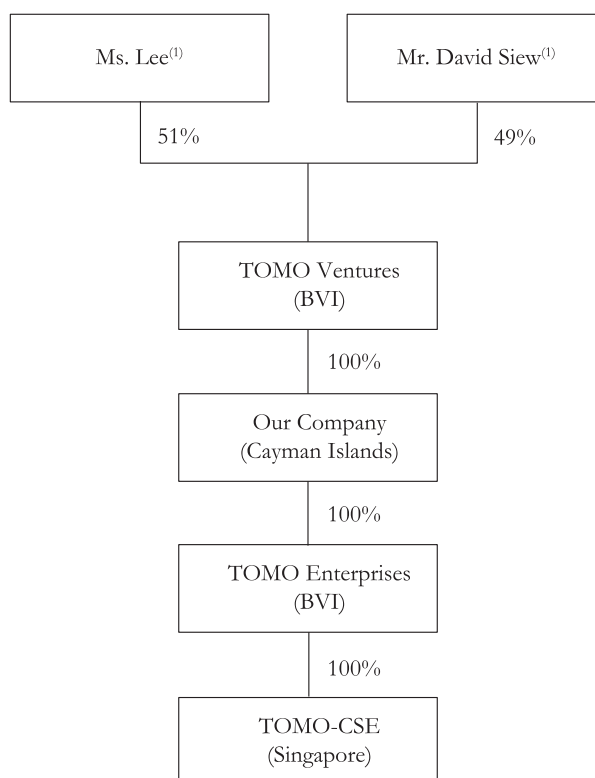
---

- (iii) On 26 January 2017, TOMO Enterprises was incorporated in the BVI and on the same day, one share of US\$1.00 was allotted and issued to our Company for cash at par.
- (iv) On 16 June 2017, as part of the Reorganisation, the entire issued share capital of TOMO-CSE was transferred from Ms. Lee and Mr. David Siew to our nominee, TOMO Enterprises, in consideration of our Company (i) allotting and issuing an aggregate of 99 Shares in its share capital in the following manner: (a) 50 Shares to TOMO Ventures (being the nominee of Ms. Lee) and (b) 49 Shares to TOMO Ventures (being the nominee of Mr. David Siew), all credited as fully paid; (ii) crediting the initial Share as fully paid in its share capital held in the name of TOMO Ventures (at the instruction of Ms. Lee); and (iii) procuring the registration of the name of TOMO Ventures in the register of members of our Company in respect of the said 99 newly issued Shares.

### GROUP STRUCTURE

The following charts illustrate our corporate structure immediately after the Reorganisation (but before the Share Offer and the Capitalisation Issue and without taking into account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme) and immediately following completion of the Share Offer and the Capitalisation Issue (but taking no account of any Shares which may be allotted and issued upon the exercise of options which may be granted under the Share Option Scheme):

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



*Note:*

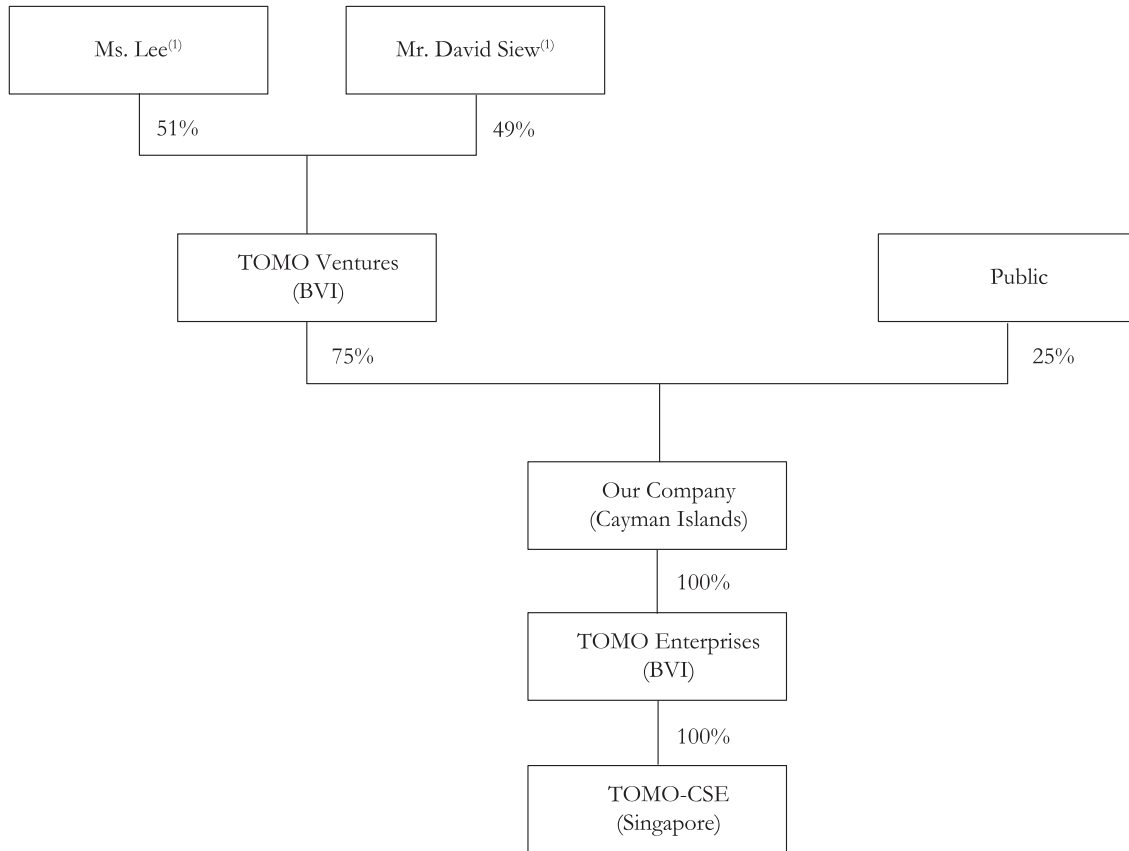
- (1) Ms. Lee is the spouse of Mr. David Siew and they are parties acting in concert.

---

## HISTORY, REORGANISATION AND GROUP STRUCTURE

---

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



*Note:*

(1) Ms. Lee is the spouse of Mr. David Siew and they are parties acting in concert.



### 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 in Singapore, 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 prospectus 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.

### OUR COMPETITIVE STRENGTHS

**We are the leading service provider of PV leather upholstery and electronic accessories in Singapore, with an established and proven track record**

We have an established operating history of over 20 years and our Group was the leading player in the PV interior modification industry in Singapore, having a market share of approximately 16.3% in terms of sales revenue in 2016 according to the Frost & Sullivan Report. We ranked first in both the PV leather upholstery and electronic accessories segments in Singapore as measured by sales revenue in 2016, according to Frost & Sullivan Report.

During the Track Record Period, our customers are primarily authorised PV distributors and dealers in Singapore, who usually have strict requirements on the quality of PV leather upholstery and electronic accessories. According to the Frost & Sullivan Report, there were 34 PV distributors and

---

## BUSINESS

---

dealers in Singapore in 2016, and 11 of them were our customers during the Track Record Period. We believe our long standing relationship with these customers is a testament to the prompt service and quality of our PV leather upholstery and electronic accessories.

Leveraging on our management's experience and our Group's long track record in the PV interior modification industry in Singapore, we are able to respond and adapt to market trends in a timely manner. We attend motor and electronics accessories trade fairs regularly, and have regular discussions with our suppliers for new products and market trends. Furthermore, we have regular discussions with our customers to understand their needs and requirements. Our Directors have always strived to make a conscientious effort to stay up to date with market trends and to adjust the business strategy of our Group to meet market needs whenever necessary. Indicating such efforts, our Group offers a wide range of PV electronic accessories and PV leather upholstery, along with our reliable installation services.

As the leading PV interior modification service provider in Singapore, we are able to accommodate the strict requirements and diverse needs of our customers. We believe the comprehensiveness of our product range and quality of our installation services enhance our reputation and our ability to maintain our market position and overall competitiveness.

### **We have long standing and well-established relationships with many of our customers and suppliers**

We have established long standing business relationships with many of our customers, which comprise several major authorised PV distributors and dealers in Singapore. Our dedicated sales and marketing team maintains constant contact with our customers. We have been serving our top five customers in the Track Record Period for a period ranging from ten to 22 years. For further details on our top five customers, please refer to the section entitled "Business — Customers" of this prospectus. Over the years, we believe that our Group's commitment to provide high quality leather upholstery and electronic accessories products and reliable installation services strengthens the relationships between our Group and our customers. Our well-established and long standing relationships with our customers enable us to better understand their needs and demands. We believe that our Group has built a trustworthy strategic partnership with our customers, in particular the major authorised PV distributors and dealers in Singapore, upon our proven track record of quality products and services, industry and product know-how, market awareness, dedicated management team, and competitive pricing. Our Directors consider our relationship with existing customers and our expertise, experience and reputation in the PV industry are our valuable attributes in maintaining relationship with our customers.

We have also established long standing business relationships with our suppliers for our PV leather upholstery business and electronic accessories business. We have been working with most of them for a period ranging from three to 16 years and we believe that our suppliers have developed a good understanding of our business which allows them to better meet our needs and requirements. We are the exclusive distributors to several suppliers for their electronic accessories in Singapore. We also have co-branding arrangements with some of our suppliers, pursuant to which our "Eurostyle" logo is printed on the products together with their brand. Our relationship with our suppliers of PV accessories also allows us to have access to and procure the latest PV electronic accessories from them. For further details, please refer to the section entitled "Business — Suppliers" of this prospectus.

---

## BUSINESS

---

### **We focus on providing high quality products and services and we implement stringent quality control**

We are committed to high standards of quality for our products and services, and we employ stringent quality control over our operations, from selection of suppliers to procurement and installation, in order to ensure that our products and services meet the quality standards required by our customers. Our strong emphasis on product quality helps to maintain customer confidence and loyalty. We have established stable relationships with suppliers which we have carefully selected, which enable us to ensure that we have a stable supply of quality raw materials that meet our requirements. For details, please refer to the section headed “Business — Suppliers” of this prospectus. We also implemented stringent quality control and our senior technicians or supervisors from each of our leather upholstery business and electronic accessories business to over quality control during our day to day operations. For details, please refer to the section headed “Business — Quality Control and Management” in this prospectus. Our established relationships with our suppliers and our ability to maintain high and consistent standards on quality control measures throughout our procurement process and delivery of services are an integral part of our operations. Having considered the quality control procedures that we have in place, our Directors consider the quality of our products and services as one of our competitive strengths. In addition, we also provide installation teams at the vehicle preparation centres of our major customers and after-sales support after completion of our supply and installation jobs to ensure customer satisfaction.

We believe that our track record of providing quality products and services is evidenced by us not experiencing any major dispute with any of our customers during the Track Record Period and us having, based on the Frost & Sullivan Report, three of the top ten authorised PV distributors and dealers in Singapore (based as sales volume of new PV in 2016) are our customers as at the Latest Practicable Date.

### **We have an experienced and stable senior management team supported by a team of well-trained technicians**

Our senior management team is led by our founders, Mr. David Siew and Ms. Lee, both have around 30 years of experience in the PV interior modification industry and are involved in the strategic planning and management of our day-to-day operations. Under their leadership and management, our Group has grown to become the leading service provider in the PV interior modification market in Singapore. Our Directors believe that the senior management team’s extensive experience and in-depth knowledge of the PV industry would enable our Group to understand the market trends and the needs of our customers in a timely and efficient manner. For further details of the experience of our senior management team, please refer to the section entitled “Directors, Senior Management and Employees” of this prospectus.

Our senior management team is supported by a team of well-trained technicians who have served our Group for an average of over eight years. More than one-third of our employees have been with our Group for more than ten years. We recognise that having skilled and highly motivated employees are keys to the success of our business. We conduct on-the-job training for our employees to continuously upgrade their skills, knowledge and update on industry trends. Such on-the-job training for our employees includes training them to install a wide range of PV electronic accessories to different makes and models of cars. We believe that the continuous development of our employees provides us with a

---

## BUSINESS

---

strong foundation for the continuing success of our business. Our Directors believe that an experienced and committed management team, together with our well-trained technicians, would enable our Group to continue to capture market opportunities and contribute to our sustainable growth in the future.

### **OUR BUSINESS STRATEGIES**

We expect to achieve sustainable growth so as to create long term value for our shareholders. We intend to do so by pursuing the following strategies, which are in line with our business objectives.

#### **Upgrade existing facilities to continue to grow our business**

According to the Frost & Sullivan Report, authorised PV distributors and dealers in Singapore usually have strict requirements on the quality of PV upholstery and electronic accessories. As such, to maintain our position as the market leader and to continue to grow our business, our Directors believe that it is important for us to ensure that we have the capability to provide high quality products and services which satisfy the requirements and demands of our customers to keep abreast and capitalise on the industry trend.

We intend to (i) renovate and redesign our existing facilities, including our existing workshop, showroom and warehouse; (ii) acquire new machinery, including leather cutting machines and upholstery machines and replace tools and equipment; and (iii) acquire commercial vehicles to support our mobile teams. Our Directors consider that our installation capacity is mainly subject to our workshop area and number of technicians. If we were to increase the number of technicians, we may be unable to significantly increase our installation capacity as sufficient workshop space is required to perform the PV leather upholstery and electronic accessories installation services for our customers. Furthermore, our warehouse storage capacity at our current Eastlink premises were already fully utilised as at the end of the Track Record Period. Hence, our Directors consider that it is essential to increase our warehouse space to cater our future business expansion.

During the Track Record Period, we only produced a small volume of leather upholstery due to our dependency on manual works performed by our seamstress as we had limited machinery. By acquiring new automated and enhanced machinery and reducing manual effort required, assuming that the total working hours remain the same, we expect to achieve approximately 20% improvement in our efficiency in terms of in-house production volume of leather upholstery. Such improvement is based on the assumption that the working hours per day and per year of each worker will remain the same, while after an investment of approximately S\$400,000 in the acquisition of new machineries, the average time spent on completing a set of leather upholstery per day of a worker is expected to reduce as a result of the manual processes of drawing and cutting currently being performed by two workers will be assisted by the use of new leather cutting machine, which is based on our estimate with reference to the designed processing time of the new machineries.

We believe such enhancement of our facilities would increase our service capacity, enhance our operational efficiency and service quality, elevate our brand image and expand our revenue stream. We budget the total costs on renovation and redesign of our existing workshop to be approximately HK\$4.9 million and on purchase of machinery and vehicles to be approximately HK\$4.9 million, and we expect this amount to be financed by the funds raised from the Share Offer and our internal resources.

---

## BUSINESS

---

### **Acquire new premises to serve as showroom, workshop, and warehouse**

We currently have one workshop located at Eastlink, Singapore to provide installation services. Our Directors consider that it would be in our best interest to establish additional facilities to cope with our business expansion. We intend to acquire additional premises (i) to serve as warehouse near our current workshop at Eastlink, Singapore; and (ii) to serve as showroom and workshop at a strategic location, in proximity where most vehicles distributors' and dealers' outlets are situated, to provide convenience to our existing customers and to capture future demand of potential customers by improving accessibility of our services. The target property type for the new premises will be industrial properties for light or general industrial use. The target sizes of the new premises would be around 300 sq.m. for the warehouse and around 500 sq.m. for the showroom and workshop, depending on the overall suitability and actual purchase cost. The new premises to serve as showroom and workshop will be located at Ubi, Singapore, an automotive belt with an abundance of car-related businesses. The target premises for showroom and workshop should have ample parking spaces and ground floor frontage to better serve our retail customers. Our Directors believe the new facilities will raise public awareness towards our brand and enhance popularity of our products and services.

At the initial stage, we plan to serve new customers who are authorised PV distributors and dealers in our new premises, which is consistent with our business strategy and historical focus. In medium to long run, we believe the presence of our facilities in the car-related business area will attract PV owners and corporate users who are looking for interior modification services for their vehicles. We, therefore, expect that the new showroom and workshop, together with the upgrade of machinery and addition of warehousing spaces, will increase our capability and capacity to serve existing and new customers in both the B2B and B2C markets, which will in turn generate additional revenue for our Group.

As at the Latest Practicable Date, we had not identified any target premises yet but our Directors confirm that we will not purchase property from any connected persons of our Company. We budget the total purchase price, including the associated transaction costs such as commission, stamp duty and legal costs, as well as renovation costs, to be approximately HK\$21.0 million and we expect this amount to be financed by the funds raised from the Share Offer and our internal resources. The acquisition cost of the premises is estimated based on the latest market price of similar properties we are targeting in terms of location, size, level and accessibility. Our Directors estimate that the new premises will take approximately ten months to achieve a breakeven point.

### **Expand our customer base by strengthening sales and marketing efforts**

According to the Frost & Sullivan Report, the B2B PV interior modification market in 2016 reached S\$65.7 million, representing a CAGR of 30.1%, from 2011 to 2016. It is expected that the B2B market will continue to grow, despite at a lower rate of a CAGR of 0.7% from 2016 to 2021. The lower growth rate is attributed to the expected decrease in the number of newly registered passenger vehicles for the period. Notwithstanding the lower growth rate of the B2B PV interior modification market, our Directors are of the view that our business growth will not be hindered as there are market share and demands in both new PV market and from existing PV owners which our Group has yet to capture.

---

## BUSINESS

---

We aim to expand and diversify our customer base and our Directors believe that there will still be sufficient demand for our Group's products and services going forward for the following reasons:

- (i) We are the market leader in the provision of PV leather upholstery and PV electronic accessories in Singapore in terms of sales revenue in 2016, with established track record, high standard of service quality, and long standing relationship with a number of sizable authorised PV distributors and dealers. PV interior modification market in Singapore was comparatively fragmented, with top five players accounting for approximately 47.0% of market share in 2016. During the Track Record Period, we focused our resources largely on serving our few major customers due to their increasing demand for our products and services and our limited installation and service capacity. Despite that we have established relationship and served a total of 11 PV distributors and dealers in Singapore during the Track Record Period, for certain customers, we could only commit to fulfil a portion of their overall demand for our products and services. Further, during the Track Record Period and up to the Latest Practicable Date, there are potential new customers, including one of the top five authorised PV distributors and dealers according to the Frost & Sullivan Report, which have requested us to commit to provide them with our services or indicated demand for our services (the “**New Demands**”). During the Track Record Period, we were offered a contract by a new PV distributor to provide leather upholstery installation services. However, due to the limitation of our installation and service capacity, we did not proceed with the contract. Based on the indicated quantity and selling price, we estimate the value of this contract to be approximately S\$1.2 million a year. For other new potential customers, we are currently in negotiation with a few PV distributors and/or dealers and have yet to reach a projected purchase quantity. In addition, the number of job orders on both leather upholstery and electronic accessories placed by our major existing customers have increased by approximately 20.0% for the four months ended 30 April 2017 as compared to the same period in 2016 (the “**Increased Existing Demands**”). In view of the New Demands and Increased Existing Demands, together with other PV distributors and dealers which we can serve in the future, allowing us to have diversification and expansion by branding, our Directors believe that there will be sufficient demand for our Group's products and services going forward and our Group as the market leader will be able to expand our market share in the B2B market through the increase in our installation and service capacity;
- (ii) We also intend to proactively expand our customer base in the B2C market. According to the Frost & Sullivan Report, the sales of PV interior modification products and services in the B2C business increased from S\$9.4 million in 2011 to S\$14.5 million in 2016, representing a CAGR of 9.1%. Going forward, it is expected that the B2C market will increase at a CAGR of 11.3% from 2016 to 2021. Currently, some PV owners, who have purchased their vehicles directly from authorised PV distributors and dealers, come to our workshop for after-sales services such as replacement of leather upholstery and update of navigation systems. We believe that it is getting popular for PV owners to furnish their vehicle interiors when the vehicles have been used for a few years. Further, before every used passenger vehicle goes on the road again, we believe it is necessary for PV owners to perform refurbishment and interior modification to ensure the functionality and equip with updated electronic accessories, so as to cater for the demand of new buyers. We anticipate a rising demand on



---

## BUSINESS

---

PV interior customisation, including replacing leather upholstery and upgrading car accessories, in the B2C market. Accordingly, we intend to aggressively increase our sales and marketing efforts to enhance our market penetration to capture the potential growth;

- (iii) With the development of technology, the types and functionality of electronic accessories products for passenger vehicles are expected to increase to meet the diverse needs of drivers. As some of these products have built-in obsolescence and can be replaced relatively easily, we expect the demand for PV electronic accessories in both the B2B and B2C markets will continue to grow in the future; and
- (iv) We believe that there is a strong demand for our products and services. According to the Frost & Sullivan Report, there are no PV manufacturing plants and all passenger vehicles are imported and then distributed in Singapore. As Singapore is one of the countries with heavy vehicle taxes, including additional registration fee and excise duty, PV distributors and dealers tend to import PVs with only basic accessories installed in order to lower the customs value of the vehicle, so as to minimise the amount of duties required. The excise duty is 20% of the customs value, while the additional registration fee has a tiered rate ranging from 100% to 180% of the customs value. Most PV distributors and dealers in Singapore would work with local interior modification product and service providers, such as our Group, in order to achieve lower cost of products and add value to the business by timely meeting domestic customers' varying demands.

Our Directors believe that apart from the improvement in technical skills, service quality and servicing and installation capacity, the strengthening of our brand recognition in the market is an area which we will work on further to attract new customers and enhance our customers' loyalty. We intend to utilise part of the net proceeds to finance advertising, branding and marketing activities for expansion of customer base. We plan to place more advertisements in magazines, social media and websites and participate in motor roadshows to showcase the products that we provide, in particular PV electronic accessories to appeal to our corporate and retail customers. We intend to appoint an external consultant to review and enhance our branding strategies. Leveraging on our extensive experience in the industry and the existing network and relationship with major authorised PV distributors and dealers in Singapore, our Directors believe that additional marketing efforts would greatly enhance our Group's ability to grasp the potential opportunities in this market.

### **Expand our product offerings**

According to the Frost & Sullivan Report, that authorised PV distributors and dealers in Singapore usually have strict requirements on the quality of PV upholstery and electronic accessories. As such, to maintain our position as the market leader and to continue to grow our business, our Directors believe that it is important for us to ensure that we have the capability to provide high quality products and services which satisfy the requirements and demands of our customers to keep abreast and capitalise on the industry trend.

Currently, we are the exclusive distributors to several suppliers for their electronic accessories in Singapore. We also have co-branding arrangements with some of our suppliers, pursuant to which our "Eurostyle" logo is printed on their products together with their brand. We intend to further strengthen this relationship and explore distribution of these products in Singapore and regional countries.

---

## BUSINESS

---

We will continue to explore new products for our electronic accessories business by sourcing new hardware and software products from our existing suppliers and other active suppliers in the market to expand our product offerings. We may explore entering into strategic alliances with our key suppliers or active suppliers in the market to further scout for new electronic accessories such as enhanced multi-media systems and DVRs to offer our customers. In April 2017, we had entered into a non-binding memorandum of understanding with a vehicle telematics solution provider to explore collaboration in developing and providing services on vehicle safety and security electronic accessories in the area of telematics connected vehicles and the associated usage-based insurance solutions for PV distributors and dealers, insurance companies and individual PV owners. As part of our continuous effort to explore and source new products, we secured an authorised dealership on digital video recorders with a new supplier in January 2017. By offering our customers with a wide variety and range of latest electronic accessories, we believe we will be able to attract new customers and enhance our customers' loyalty. In anticipation of the increasing efforts to further broaden our product offerings, we intend to recruit additional technicians to provide the installation service and customer service personnel to handle the after-sales services. We believe that with the wide choice of products and services and our reputation for quality, we will be able to continue to realise business opportunities and maintain our market position.

### **Upgrade our information technology system and enhance our overall efficiency**

Along with the business development and expansion plans of our Group, we feel the increasing need to monitor and manage our financial and human resources more efficiently and effectively. We plan to upgrade our information technology system, which will have functions in providing management information for us to streamline the workflow of our management process, such as automated payroll system, point of sales system, live billing system and mobile job ordering system. The upgraded information technology system will also include warehouse management and inventory tracking which helps maximise our management efficiency and therefore result in cost reduction. The new information technology system will be designed and tailored-made for our Group by an experienced enterprise software company. We expect this upgrade and continuing maintenance can enhance the quality of our services and operational efficiency for our expansion after Listing.

### **Recruit and expand our team of technicians and strengthen staff training**

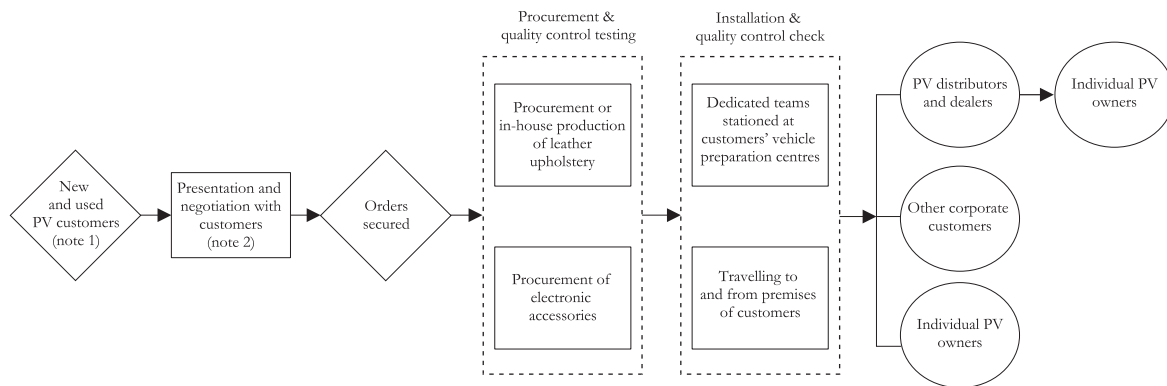
We plan to employ and train a team of new technicians for our leather upholstery business and electronic accessories business, to support our business expansion plans. The increase in the number of technicians will directly enhance our service capacity and thus improve the revenue generated from our installation services. As our skilled technicians are critical to our success, we have invested, and intend to continue to invest in our skilled technicians and retain the best skilled personnel for our businesses. Furthermore, in order to provide quality customer services, we provide training for our technicians to upgrade skills and product knowledge, in particular for new products such as telematics devices.

Some of the above strategies will be funded by the net proceeds from the Share Offer, please refer to the section entitled "Future Plans and Use of Proceeds" of this prospectus for further details. We will fund the other strategies set out above by the internal resources and/or bank borrowings of our Group.



**OUR BUSINESS MODEL**

We are principally engaged in the PV leather upholstery business and electronic accessories business in Singapore. Our Group’s revenue is derived from the supply and installation service of PV leather upholstery and electronic accessories during the Track Record Period. We provide our installation services both in our workshop and at our customers’ vehicle preparation centres. We recognise our revenue when our installation services have been delivered to and accepted by our customers. 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. For both of our businesses, our customers are typically authorised PV distributors and dealers in Singapore. According to the Frost & Sullivan Report, there were 34 PV distributors and dealers in Singapore in 2016, and 11 of them were our customers during the Track Record Period. The following chart illustrates our business model:



*Notes:*

- (1) Our customers are primarily authorised PV distributors and dealers who sell the new passenger vehicles to end individual buyers. We also provide leather upholstery and electronic accessories to corporate customers such as car rental companies and individual owners of new or used passenger vehicles.
- (2) Our customers decide on the type or brand of PV leather upholstery or electronic accessories after presentation of the extensive range of products to our customers according to their preferences and requirements. We offer a competitive pricing to our customers, taking into consideration the market availability of the comparable products. We have competitive advantage for certain PV electronic accessories that we have exclusive distributorships and would promote such products to our customers. After acceptance of the price quotations, our customers will place purchase orders with us.

## BUSINESS

### Revenue

The breakdown of our revenue by each segment of our Group's businesses during the Track Record Period was as follows:

	Year ended 31 December			
	2015		2016	
	S\$'000	%	S\$'000	%
<b>Leather upholstery business</b>	3,566	31.1	4,482	34.3
<b>Electronic accessories business</b>				
— Navigation and multimedia	3,784	33.0	3,905	29.8
— Safety and security	4,120	35.9	4,695	35.9
	7,904	68.9	8,600	65.7
<b>Total</b>	<b>11,470</b>	<b>100.0</b>	<b>13,082</b>	<b>100.0</b>

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. For the years 31 December 2015 and 2016, revenue generated from the (i) navigation and multimedia sub-segment of our electronic accessories business accounted for approximately 33.0% and 29.8%; and (ii) safety and security sub-segment of our electronic accessories business accounted for approximately 35.9% and 35.9%, respectively of our total revenue.

### Gross profit

The breakdown of our gross profit by each segment of our Group's business during the Track Record Period was as follows:

	Year ended 31 December					
	2015			2016		
	S\$'000	%	margin %	S\$'000	%	margin %
<b>Leather upholstery business</b>	1,089	23.6	30.5	1,331	25.4	29.7
<b>Electronic accessories business</b>						
— Navigation and multimedia	1,390	30.2	36.7	1,419	27.0	36.3
— Safety and security	2,127	46.2	51.6	2,500	47.6	53.3
	3,517	76.4	44.5	3,919	74.6	45.6
<b>Total</b>	<b>4,606</b>	<b>100.0</b>	<b>40.2</b>	<b>5,250</b>	<b>100.0</b>	<b>40.1</b>

For the years ended 31 December 2015 and 2016, gross profit generated from our leather upholstery business accounted for approximately 23.6% and 25.4%, respectively of our total gross profit. For the years ended 31 December 2015 and 2016, gross profit and gross profit margin generated from the (i) navigation and multimedia sub-segment of our electronic accessories business accounted for

---

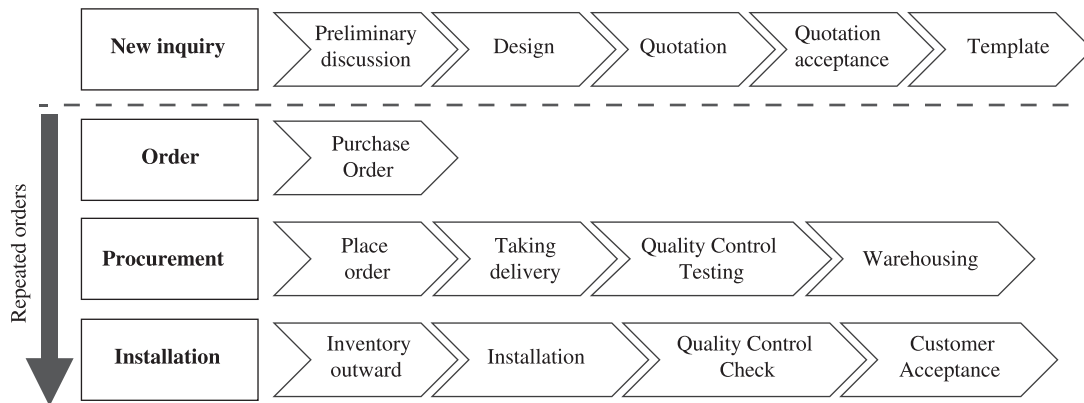
## BUSINESS

---

approximately 30.2% and 27.0%, 36.7% and 36.3%; and (ii) safety and security sub-segment of our electronic accessories business accounted for approximately 46.2% and 47.6%, 51.6% and 53.3%, respectively of our total gross profit and total gross profit margin.

### Leather upholstery business

The following diagram illustrates the steps typically undertaken by us in our leather upholstery business:



We have dedicated leather upholstery team, comprising 25 employees as at the Latest Practicable Date. Our leather upholstery team is responsible for creating the templates of upholstered passenger vehicle seats for our customers upon request.

Our premises are equipped with equipment and facilities which are owned by us and allow our leather upholstery team to manufacture and install the passenger vehicle leather upholstery that we provide at our workshop, such as leather embossing machine, perforating machines, sewing machines, lockstitch machines, compressors and air guns.

#### *New inquiry*

Prior to embarking on a project, we generally have face-to-face discussions with our PV distributors, dealers and/or end customers to ascertain their requirements and preference for the types of leather, colour, design and material combination, for example, two-tone colour for their leather upholstery. Ideas are exchanged and recommendations are made by us to suit our dealers' and customers' preference and saleability. While we influence our customers using our expertise and knowledge, the final decision of the selection of upholstery is made by the PV distributors, dealers or customers after such recommendations. Based on our experience, the branding of leather upholstery is not a key deciding factor for our customers. Instead, our customers are usually more quality conscious as to the design and materials used on the type of vehicles being upholstered. For example, luxury cars tend to use premium grade leather or special materials such as nappa leather for their leather upholstery as compared to the mass production cars.

We provide quality products that is aligned with our customers' tastes and preferences. We engage a supplier to provide the design drafts which are provided to the customers for input. We liaise and communicate our customers' design requirements with our supplier.

---

## BUSINESS

---

From time to time, our customers may request for a sample seat cover upholstery (a single passenger vehicle seat, armrest or headrest upholstered based on the design draft) to be made for their consideration prior to the approval of the design draft.

For customers apart from Customer Group A, our largest customer during the Track Record Period, we typically receive quotation requests for supply and installation of passenger vehicle leather upholstery for our customers' passenger vehicles.

For Customer Group A, a designated entity, which is one of the Largest Customer's SG Subsidiaries, generally requests us to provide a quote for the supply and installation of passenger vehicle leather upholstery products of the pre-delivery new passenger vehicles. We will then submit a quotation package to the designated entity. If the designated entity accepts our quotation, we will be issued with a letter of acceptance and a contract will then be entered into with the designated entity. For further details on our relationship and service arrangement with Customer Group A, please refer to the paragraph headed "Our Largest Customer — Customer Group A" and "Business — Sales Orders and Sales Agreements" under this section.

### *Order*

Customers will place purchase orders with our sales managers. Our sales managers will inform leather upholstery supervisor for the quantity and delivery period of the order.

### *Procurement*

Our passenger vehicle leather upholstery are generally manufactured and provided by our suppliers according to our requirements and specifications. Our suppliers are responsible for procuring raw materials for the leather upholstery that they manufacture. We manufacture a small volume of passenger vehicle leather upholstery as prototype samples for our customers and for small orders to utilise our spare capacity. This arrangement is more cost effective and gives us greater flexibility in our works and meet delivery schedules for our customers' orders.

### *Installation*

The ready-to-install PV leather upholstery are delivered to our workshop, where our leather upholstery team conducts visual quality inspection to ensure adherence to our specifications and requirements. Pieces which are found not meeting our specifications and requirements will be sent back to our suppliers who will provide a replacement.

The installation of the passenger vehicle leather upholstery that we provide is entirely undertaken by us in Singapore in the following manner:

- (a) Pre-delivery new passenger vehicles for authorised passenger vehicle distributors and dealers:

We have both permanent and mobile teams for our passenger vehicle leather upholstery business. Permanent teams are stationed at the vehicle preparation centres of our customers for the supply and installation of the passenger vehicle leather upholstery onto their pre-delivery new passenger vehicles. Mobile teams travel to our customers' premises to remove the parts, such as seats, door panels, head rests, and arm rests from their pre-delivery new passenger vehicles, and

---

## BUSINESS

---

transport them back to our workshop for installation of the passenger vehicle leather upholstery. The upholstered seats, door panels, head rests and arm rests are then transported back to our customers to be re-fitted onto the passenger vehicles.

(b) After-sales:

Mobile teams travel to our customers' premises to remove the parts, such as seats, door panels, head rests and arm rests from their passenger vehicles and transport them back to our premises for installation of the passenger vehicle leather upholstery. The upholstered seats, door panels, head rests and arm rests are then transported back to our customers to be re-fitted onto the passenger vehicles.

After all installations, stringent quality checks are conducted by our team before the upholstered PV are handed over to our customers. Our team conducts visual inspections and checks the fitting of the passenger vehicle leather upholstery. If our requirements are not met, the PV leather upholstery is uninstalled from the passenger vehicle and sent back to our supplier for a replacement.

### *Passenger vehicle leather upholstery*

Our leather upholstery products are typically for seats, headrests and armrests of passenger vehicles. The product life cycle of our PV leather upholstery products for pre-delivery new passenger vehicles generally tracks the model cycle and change in design of such passenger vehicle, which we believe to be around two to three years.

The pictures below illustrate the design and application of the PV leather upholstery:



Front seats leather upholstery



Rear seats leather upholstery

We have supplied and installed PV leather upholstery products for approximately 3,900 and 4,900 passenger vehicles for the years ended 31 December 2015 and 2016, respectively. The revenue generated from our leather upholstery business segment accounted for approximately 31.1% and 34.3% of our total revenue for the years ended 31 December 2015 and 2016, respectively.

## BUSINESS

We set out below the range of selling price per set of our major types of PV leather upholstery products during the Track Record Period:

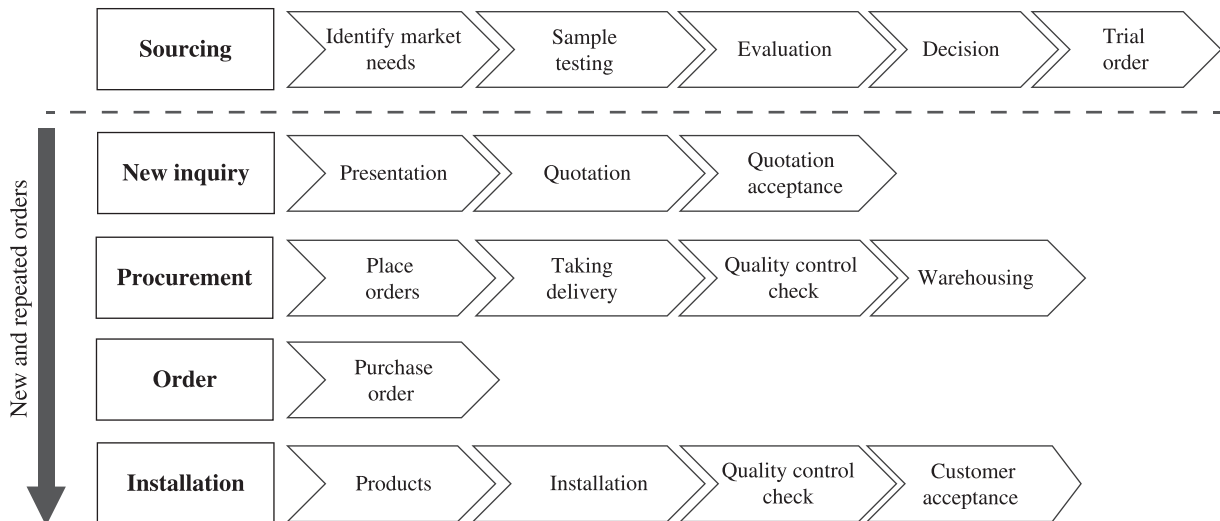
<b>Passenger vehicle leather upholstery products</b>	<b>Range of selling price per set</b>
	(S\$)
— half leather upholstery <sup>(1)</sup>	500–1,600
— full leather upholstery <sup>(2)</sup>	700–2,200

*Notes:*

- (1) Half leather upholstery denotes leather upholstery made with a combination of genuine leather and polyurethane leather.
- (2) Full leather upholstery denotes leather upholstery made entirely with genuine leather.

### Passenger vehicle electronic accessories business

The following diagram illustrates the steps typically undertaken by us in both our electronic accessories business sub-segments, namely (i) navigation and multimedia accessories sub-segment; and (ii) safety and security accessories sub-segment:



We have an electronic accessories team which is made up of our Product Testing and Quality Control Department and skilled technicians, comprising 17 employees as at the Latest Practicable Date. Our premises are equipped with various equipment which allows our accessories team to install the PV electronic accessories at our workshop. Common workshop tools, such as screwdrivers, cutters, pliers, socket connectors, electronic passenger vehicle diagnostic equipments and electric drills, are used in the installation process.

---

## BUSINESS

---

### *Sourcing*

Our Product Testing and Quality Control Department identifies potential PV electronic accessories. Samples are brought in for testing for functionality and reliability. Should such accessories meet our requirements, we will then proceed to try to secure rights to market them. Our Directors believe that the wide range of PV electronic accessories that we offer, together with our track record and experience in the PV interior modification market, makes us a preferred supplier and installer to many authorised PV distributors and dealers. Our Product Testing and Quality Control Department is also responsible for maintaining adequate inventory levels so that we are able to fulfil existing and anticipated orders.

### *New inquiry*

We adopt a pro-active approach by meeting up regularly to update and present the latest PV electronic accessories that we supply to our customers for selection. We will provide advice on the types of PV electronic accessories that are available in the market and the pros and cons of each product and its features. For example, we would inform our customers of the benefits of having high resolution cameras as well as installing front and rear cameras and if parking mode recordings are necessary. All our advice and recommendations are based on various factors such as the type of vehicles, the preference of the customers and more importantly their budget. The branding of electronic accessories is not the key deciding factor for our customers. Generally, our customers are more concerned about factors such as reliability, features and design of the electronic accessories and after-sales support provided by the vendor. While we influence our customers using our expertise and knowledge, the final decision on which electronic accessories to select is made by our customers after our consultation process. We will install the PV electronic accessories to their passenger vehicle for testing and evaluation.

If our customers are interested in our products, except for Customer Group A, they will typically request us to quote for the supply and installation of the electronic accessories for their customers' passenger vehicles. If they find our quote acceptable, they will inform us of their decision. We generally do not enter into any contract with our customers other than with Customer Group A. See "Business — Customers — Sales orders and Sales Arrangements" in this prospectus for details.

### *Procurement*

We purchase PV electronic accessories from suppliers both locally and overseas including Malaysia, Korea and Taiwan. We do not manufacture any of the PV electronic accessories that we provide. Save for Customer Group A, we do not enter into long term contracts with any of our customers.

Upon receipt of the PV electronic accessories that we have placed orders to our suppliers, a visual inspection and checks on whether the PV electronic accessories function on sampling basis is conducted before delivery to our warehouse. Products that do not meet our requirements will be sent back to our suppliers for replacement.

### *Order*

Customers will place purchase order with our sales managers. Sales managers will inform our electronic accessories supervisor for the quantity and delivery period of the order.

---

## BUSINESS

---

### *Installation*

The installation of the PV electronic accessories that we provide is entirely undertaken by us in Singapore in the following manner:

- (a) Pre-delivery new passenger vehicles for authorised PV distributors and dealers:

We have both permanent and mobile teams for our PV electronic accessories business. Permanent teams are stationed at our customers' vehicle preparation centres for the supply and installation of the PV electronic accessories onto their pre-delivery new passenger vehicles. Mobile teams travel to our customers' premises to supply and install the passenger vehicle electronic accessories onto their pre-delivery new passenger vehicles.

- (b) After-sales:

Mobile teams travel to our customers' premises to supply and install the PV electronic accessories onto their passenger vehicles.

After all installations, stringent quality checks are conducted by our team before the passenger vehicles are handed over to our customers. Our team conducts visual inspections and checks whether the installed electronic accessories function. If our requirements are not met, the PV electronic accessories will be uninstalled and replaced with another set from our inventories immediately.

### *Passenger vehicle electronic accessories*

We installed approximately 14,100 units and 16,800 units of passenger vehicle electronic accessories during the years ended 31 December 2015 and 2016, respectively.

The revenue generated from our PV electronic accessories business accounted for approximately 68.9% and 65.7% of our total revenue for the years ended 31 December 2015 and 2016, respectively.

We have exclusive distributorships in Singapore and/or co-branding arrangements with some of our suppliers. As at the Latest Practicable Date, we had exclusive distributorship and/or co-branding arrangements with four of our suppliers (collectively "**Exclusive Suppliers**"), which covers the supply of DVR, headunit, navigation system and in-car entertainment system.



---

## BUSINESS

---

A summary of the key terms of an exclusive distributorship agreement with one of the Exclusive Suppliers are set out below:

Duration	Two years
Minimum purchase commitment	Not less than 300 units of a digital video recorder product a month for two consecutive months (“ <b>Minimum Purchase Commitment</b> ”)
Termination	Either party may terminate the agreement with immediate effect in the event of the breach of the agreement by the other party. Each party shall also have the right to cede the agreement with the written consent of the other party, such consent not to be unreasonably withheld
Warranty	Free from defects in workmanship or material for a period of 15 months from date of shipping

During the Track Record Period, we have fulfilled the Minimum Purchase Commitment as required under the exclusive distributorship agreement. Based on the current sales trend of the DVR product, we believe we will fulfill the Minimum Purchase Commitment till the end of the distributorship agreement.

For the other three Exclusive Suppliers, building on our existing relationships, the exclusive distribution rights and/or co-branding arrangements were agreed after commercial arm’s length negotiation and terms were negotiated on a case by case basis. They do not specify the duration of the arrangements, rights and obligations of each party and termination terms. The industry consultant is of the view that it is an industry norm that suppliers grant exclusive distribution right and/or cobranding permission to PV interior modification providers without any standardised or formal agreements in Singapore. Notwithstanding that no formal contract terms were specified, a summary of the key particulars of these exclusive distributorships and/or co-branding arrangement are set out below:

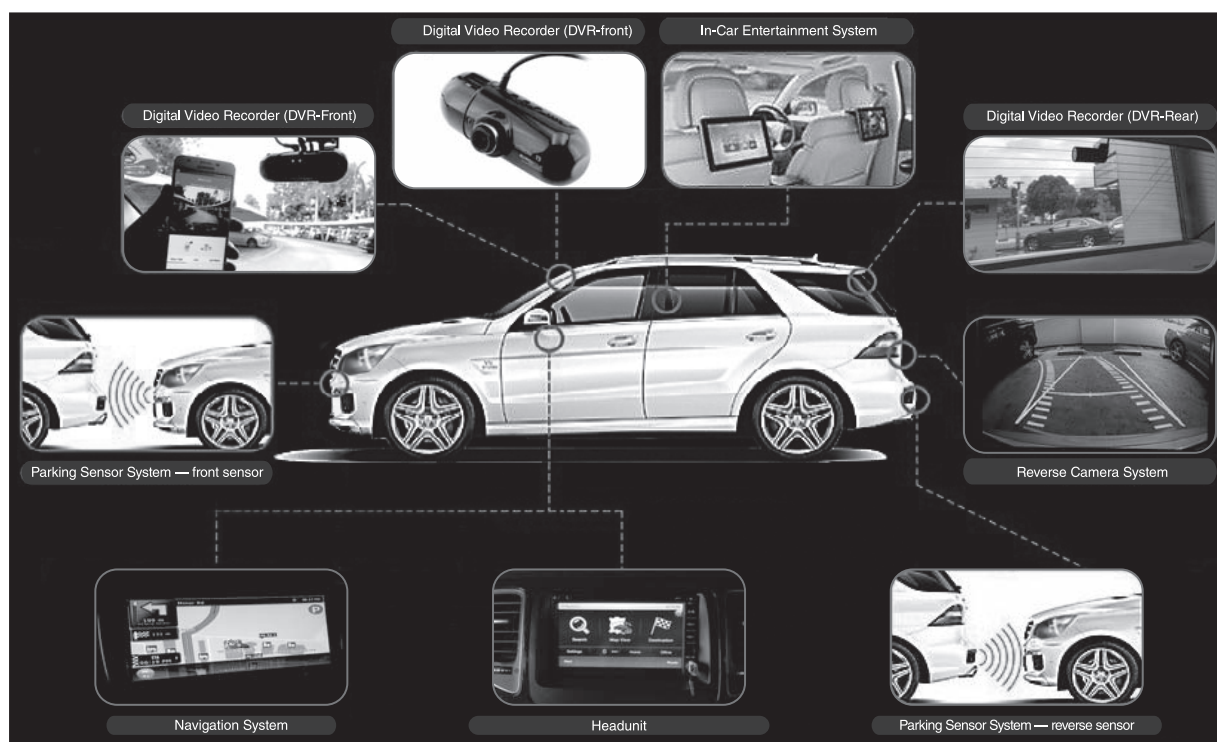
<u>Exclusive Supplier</u>	<u>Type of PV electronic accessories</u>	<u>Particulars of the rights and/or permission</u>
A	Navigation System	Exclusive distribution and co-branding rights in Singapore
B	Headunit	Exclusive dealer for new vehicle markets
C	In-car entertainment system	Exclusive distribution and co-branding permission in Singapore and Malaysia

The revenue and the direct material costs relating to exclusive distributorships and/or co-branded products amounted to approximately S\$2.8 million and approximately S\$1.0 million for year ended 31 December 2015 and approximately S\$3.9 million and approximately S\$1.6 million for year ended 31 December 2016, respectively.

Pursuant to the co-branding arrangements, our “Eurostyle” logo is printed on the PV electronic accessories together with their own brand. We believe that the exclusive distributorship and co-branding arrangements are testament of our suppliers’ trust in our quality and service reliability.

## BUSINESS

The diagram below illustrates some of the PV electronic accessories that we supply and install.



### *Navigation and multimedia accessories*

For the navigation and multimedia sub-segment of our PV electronic accessories business, during the Track Record Period, the followings are the main PV electronic accessories that we supply and install:

<b>Navigation and multimedia accessories</b>	<b>Range of selling price per unit</b>
	S\$
Navigation system	900–2,200
Headunit	500–1,550
In-car entertainment system	600–1,600

For orders of our navigation systems, we integrate various component parts, such as navigation hardware, interface and map software, from various suppliers and install the integrated product into our customers' passenger vehicles.

We sold approximately 2,900 and 3,400 units of our navigation and multimedia accessories for the years ended 31 December 2015 and 2016, respectively. The revenue generated from the navigation and multimedia sub-segment of our PV electronic accessories business accounted for approximately 33.0% and 29.8% of our total revenue for the years ended 31 December 2015 and 2016, respectively.

---

## BUSINESS

---

### *Safety and security accessories*

For the safety and security sub-segment of our PV electronic accessories business, during the Track Record Period, the followings are the main PV electronic accessories that we supply and install:

<b>Safety and security accessories</b>	<b>Range of selling price per unit</b>
	S\$
Reverse camera system	300–1,500
Parking sensor system	70–400
Digital video recorder	400–950

We installed approximately 11,200 and 13,400 units of safety and security accessories for the years ended 31 December 2015 and 2016, respectively. The revenue generated from the safety and security sub-segment of our PV electronic accessories business accounted for approximately 35.9% and 35.9% of our total revenue for the years ended 31 December 2015 and 2016, respectively.

### **CUSTOMERS**

Our customers are primarily authorised PV distributors and dealers who engage us for supply and installation of PV leather upholstery and PV electronic accessories. For the years ended 31 December 2015 and 2016, revenue generated from our authorised PV distributors and dealers customers amounted to 96.0% and 95.8%, respectively. We occasionally provide PV leather upholstery and PV electronic accessories to other corporate customers, such as car rental companies, and individual car owners. The revenue generated from these other customers amounted to 4.0% and 4.2% during the same periods, respectively.

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, and revenue generated from our largest customer, Customer Group A, accounted for approximately 79.5% and 78.1% of our total revenue during the same periods, respectively. All of our top five customers during the Track Record Period were authorised PV distributors and dealers. During the Track Record Period, none of our Directors or their close associates or our Shareholders who owned more than 5% of our issued share capital had any interest in any of our top five customers.

---

## BUSINESS

---

The tables below set out details of our top five customers during the Track Record Period.

*For the year ended 31 December 2015*

<b>Rank</b>	<b>Customer/ Approximate number of years of business relationship with us</b>	<b>Key products/services provided by us during the Track Record Period</b>	<b>Amount of sales S\$'000</b>	<b>Percentage of total sales of our Group (%)</b>
1	Customer Group A <sup>(1)</sup> /22 years	PV leather upholstery, digital video recorders, reverse sensors, reverse cameras, multimedia systems and navigation systems for pre-delivery new passenger vehicles and after-sales services	9,125	79.5
2	Customer B/ 10 years	PV leather upholstery and reverse sensors	883	7.7
3	Customer C/ 11 years	PV leather upholstery, digital video recorders, reverse sensors, reverse cameras, multimedia systems and navigation systems	442	3.9
4	Customer D/ 16 years	PV leather upholstery	200	1.7
5	Customer E/ 12 years	PV leather upholstery, digital video recorders, reverse sensors, reverse cameras, multimedia systems and navigation systems	130	1.1

## BUSINESS

*For the year ended 31 December 2016*

<b>Rank</b>	<b>Customer/ Approximate number of years of business relationship with us</b>	<b>Key products/services provided by us during the Track Record Period</b>	<b>Amount of sales S\$'000</b>	<b>Percentage of total sales of our Group (%)</b>
1	Customer Group A <sup>(1)</sup> /22 years	PV leather upholstery, digital video recorders, reverse sensors, reverse cameras, multimedia systems and navigation systems for pre-delivery new passenger vehicles and after-sales services	10,220	78.1
2	Customer B/ 10 years	PV leather upholstery and reverse sensors	564	4.3
3	Customer D/ 16 years	PV leather upholstery and multimedia systems	501	3.8
4	Customer C/ 11 years	PV leather upholstery, digital video recorders, reverse sensors, multimedia systems and navigation systems	488	3.7
5	Customer F/ 7 years	PV leather upholstery, digital video recorders, reverse cameras and navigation systems	288	2.2

*Notes:*

- (1) Customer Group A, it comprised of all of our revenue generated from services provided to subsidiaries of one of the largest authorised PV distributors and dealers in Singapore. Please refer to “Our Largest Customer — Customer Group A” below for more information.

### **Our Largest Customer — Customer Group A**

Customer Group A is one of the largest authorised PV distributors and dealers in Singapore and listed on the Singapore Exchange Limited. Customer Group A belongs to a multinational diversified business group. In Singapore, the Customer Group A is primarily engaged in retail, distribution and after-sales services of a number of brands of motor vehicles. During the Track Record Period, we provided PV leather upholstery and electronic accessories to the pre-delivery passenger vehicles and the after-sales departments of the Singapore subsidiaries of Customer Group A, or Largest Customer’s SG Subsidiaries.

We have well-established and long term relationships with our Largest Customer’s SG Subsidiaries. During the Track Record Period and up to the Latest Practicable Date, we have been providing products and services for PVs distributed by each of our Largest Customer’s SG Subsidiaries for periods ranging from ten to 22 years and have not experienced any material disputes with any of our Largest Customer’s SG Subsidiaries. For the years ended 31 December 2015 and 2016, our revenue derived from our Largest Customer’s SG Subsidiaries amounted to approximately 79.5% and 78.1% of our Group’s total revenue during the same periods, respectively.

---

## BUSINESS

---

We have aggregated the sales to our Largest Customer's SG Subsidiaries as (i) the quotations provided by us directly to each of the Largest Customer's SG Subsidiaries for our products and services during the Track Record Period for consideration and were in turn evaluated by one designated entity of the Largest Customer's SG subsidiary (the "**Largest Customer's Designated Entity**") to finally approve our quotation; (ii) we entered into the service agreements with our Largest Customer's Designated Entity for all of the products and services provided to pre-delivery PV of our Largest Customer's SG Subsidiaries; and (iii) our services provided to our Largest Customer's SG Subsidiaries pre-delivery PV were all located in one location within our Largest Customer's Designated Entity. We have also aggregated the sales to the after-sales department of the Largest Customer's SG Subsidiaries for completeness of presentation.

However, in terms of operations, we treat each of our Largest Customer's SG Subsidiaries as a separate customer as the relevant brand head of sales of each of the our Largest Customer's SG Subsidiaries has the discretion in determining which supplier to request quotations from and to procure products and service; and orders are secured by us from each of our Largest Customer's SG Subsidiaries separately and independently of the other Largest Customer's SG Subsidiaries. During the Track Record Period, we provided quotations for four different Largest Customer's SG Subsidiaries and separately to each of them. Furthermore, each brand head of sales of each Largest Customer's SG Subsidiary may negotiate additional features and prices with us depending on their needs. We believe we compete against other suppliers of Customer Group A, differentiating ourselves from other suppliers by providing quality products with tasteful and innovative designs, and warranties and after-sales support. For the years ended 31 December 2015 and 2016, our revenue generated from job orders originating from the four Largest Customer's SG Subsidiaries are as follows:

	<u>Year ended 31 December</u>	
	<u>2015</u>	<u>2016</u>
	<u>%</u>	<u>%</u>
Revenue generated from each Largest Customer's SG Subsidiary as a percentage of total revenue		
1. Subsidiary 1	39.9	29.1
2. Subsidiary 2	15.5	26.5
3. Subsidiary 3	15.1	14.0
4. Subsidiary 4	<u>9.0</u>	<u>8.5</u>
	<u>79.5</u>	<u>78.1</u>

### Sales Orders and Sales Agreements

Depending on the customers, they may either place orders with us through job order or purchase orders. Our Largest Customer's SG Subsidiaries will place orders with us through daily job orders, which we will complete the order within the day. Our Largest Customer's Designated Entity will then provide us with the formal purchase order, wherein we will issue an invoice. As for our other customers, they typically place purchase orders with us directly. We will then issue an invoice upon completion of the job. In accordance with our Group's credit policy, we generally offer our customers 30 day's credit terms.

---

## BUSINESS

---

We generally do not enter into framework agreements with our customers other than with our Largest Customer's Designated Entity for the supply and installation of PV leather upholstery products and/or electronic accessories for their pre-delivery PV. We set out below a summary of the typical key terms in some of our subsisting framework agreements with our Largest Customer's Designated Entity as at the Latest Practicable Date:

Duration	Approximately ranging from one to two years
Minimum purchase commitment	None
Price	Each model of the products referred to on the relevant agreement has an agreed standard price and subject to change upon negotiation over the period of the framework agreement
Payment term	30 days from the date of invoice
Services provision	Services must be provided within the designated area of our Largest Customer's Designated Entity
Insurance	We must maintain public liability insurance with a minimum coverage of S\$1.0 million per occurrence and adequate workmen's compensation insurance, and ensure that our Largest Customer's Designated Entity must be named as a joint insured party but insurer must waive the subrogation rights against our Largest Customer's Designated Entity
Warranty	Between 12 to 36 months for manufacturers' defects, installation related complaints and defects in workmanship. All warranty repairs being inclusive of labour costs and charges for parts.
Termination	Either party may terminate the agreement without any reason whatsoever with three months' written notice to the other party.

Based on the legal opinion issued by our Singapore Legal Advisers, as at the Latest Practicable Date, the framework agreements that we have entered into are legally binding, valid and enforceable under the applicable laws and regulations of Singapore.

To the best knowledge and belief of our Directors, none of our customers deal exclusively with our Group and we do not deal exclusively with any of our customers.

### **Customer Concentration**

For the years ended 31 December 2015 and 2016, our five largest customers accounted for approximately 93.9% and 92.1% of our sales, respectively. In particular, our largest customer accounted for approximately 79.5% and 78.1% of our sales, respectively. Despite such customer concentration, our Directors consider that we are not reliant on any single customer and capable of maintaining our sales in the future because:

- (i) *Singapore passenger vehicle market dominated by a few large vehicle dealership groups:* According to the Frost & Sullivan Report, the Singapore authorised passenger vehicle market is dominated by a few large passenger vehicle distributors and dealers with the top ten



---

## BUSINESS

---

players accounting for approximately 71.9% of the market by sales volume of new passenger vehicles in 2016. Frost & Sullivan is also of the view that it is common in Singapore that passenger vehicle interior modification service providers rely on one or several large passenger vehicle distributors and dealers and remain profitable. The reason is that large new PV distributors are usually authorised by multiple car manufacturers, and they retail several brands in Singapore. Hence, their customer base covers a significant amount of passenger vehicle drivers domestically. During the Track Record Period, we provided services to three of the top ten authorised PV distributors and dealers, which accounted for approximately 21.6% of the market by sales volume of new passenger vehicles in 2016. For the two years ended 31 December 2016, out of the 34 authorised PV distributors and dealers in Singapore, excluding the Customer Group A, ten of them were our customers, representing approximately 11.7% of the market share. Of these ten authorised PV distributors and dealers, our relationship with them were up to 16 years and we have not experienced any material dispute with any of them. Furthermore, we also supplied similar PV leather upholstery and electronic accessories that we supplied to the Largest Customer's SG Subsidiaries to our other customers during the Track Record Period;

- (ii) *Mutual and complementary relationship between Customer Group A and us:* Customer Group A and us have a complementary relationship. We are the market leader in the provision of PV leather upholstery and passenger vehicle electronic accessories in Singapore. We have been working closely with each of the Largest Customer's SG Subsidiaries for periods ranging from ten to 22 years, supplying products that meet their requirements and providing quality and prompt services. It is generally difficult for new entrants to the market with insufficient industry expertise and servicing capacity to attain to such position. Our sales and marketing team works closely with the various brand heads of sales of each Largest Customer's SG Subsidiary. Job orders are secured by our Group from each of the Largest Customer's SG Subsidiaries separately and independently of other Largest Customer's SG Subsidiaries. To the best of our Directors' knowledge, our Group is one of the few authorised suppliers engaged by Customer Group A to provide and install leather upholstery and electronic accessories for their PVs. Based on our Directors' knowledge, information and belief, services rendered to Customer Group A during the Track Record Period represented a majority portion of their purchases of similar products and services for interior modification on PVs sold by them in Singapore. Such belief was supported by a written confirmation provided by the director of operations of Customer Group A and reaffirmed by the general observations of our installation staff stationed at the vehicle preparation centre of Customer Group A. Based on the experience of our Directors, we understand that all service providers have assigned installation staff team to be stationed at the vehicle preparation centre of Customer Group A to conduct installation work. During the Track Record Period, we placed significantly more installation staff at the vehicle preparation centre of Customer Group A than other service providers. Further, our subsisting framework agreements with our Largest Customer's Designated Entity cover the supply and installation of leather upholstery for numerous PV models carried by Customer Group A and a wide range of electronic accessories that fits in various PV makes and models. We believe this comprehensive range of products and services that our Group can offer is well recognised by Customer Group A and we are typically invited to provide our products to their new PV models. We believe that we are well positioned and capable to provide our products and services to Customer Group A. Furthermore, according to the Frost & Sullivan Report, Customer Group A is one of the



---

## BUSINESS

---

largest authorised PV distributors and dealers in Singapore. Our Directors believe that we are one of the few leading providers in Singapore which are able to meet the quantity and quality requirements by each of the Largest Customer's SG Subsidiaries;

- (iii) *Directly working with each Largest Customer's SG Subsidiary:* Our sales and marketing team has been working directly with each of the Largest Customer's SG Subsidiaries. Each Largest Customer's SG Subsidiary evaluate our products, negotiate prices with us and makes their own decisions in selecting our products for their respective brands under them. The relevant brand head of sales of each Largest Customer's SG Subsidiary has the discretion in determining which authorised supplier to procure products and services from; and job orders are secured by us from each Largest Customer's SG Subsidiary separately and independently;
- (iv) *Wide range of product mix:* Unlike competitors that only provide one or two passenger vehicle interior modification products, our Group offers a wide range of product mix that covers both cabin decoration (leather upholstery) and electronic accessories (reverse cameras, sensors, video recorders, navigation systems and others). In addition, our Group also provides installation and after-sales services. According to the Frost & Sullivan Report, our Group is the market leader in the provision of passenger vehicle leather upholstery and electronic accessories in Singapore in terms of revenue in 2016. Our Group's quality services and products gave us an edge over other competitors in providing stable business cooperation and support for the authorised passenger vehicle distributors and dealers;
- (v) *Actively expanding customer base and product offering:* We continue to diversify our customer base by establishing long-term relationship with other customers and offer new products to increase sales to other customers. We regularly engage our customers to discuss about their requirements and feedbacks on our products and services to ensure our customers' satisfaction. We maintain constant contact with our customers' senior management as well as their working teams. We promote new designs or customisation of leather upholstery and new electronic accessories with enhanced features to our customers at attractive rates to encourage recurring business. In terms of expanding our customer base, some PV owners who have purchased their PV directly from our authorised passenger vehicle distributors and dealers customers come to our workshops for after-sales services such as maintenance, map and software updates for their navigation systems. We believe that we will be able to secure such direct PV owners as customers after the warranty period of their passenger vehicles. Furthermore, we are expanding our services to provide leather upholstery and electronic accessories to second hand or used passenger vehicle owners. We also had provided and may continue to provide PV leather upholstery and PV electronic accessories to other corporate customers, such as car rental companies. Adding such a customer demographic to our customer base would provide us with an additional revenue stream thus reducing reliance on our existing authorised PV distributors and dealers customers. Please refer to the section headed "Business — Our Business Strategies" for more information; and
- (vi) *Alternative customers:* In relation to Customer Group A, our largest customer for the Track Record Period, we are not the exclusive supplier to the Largest Customer's SG Subsidiaries and not restricted from selling similar products or providing similar services to other customers. In the unlikely event that our relationship with the Largest Customer's SG Subsidiaries is terminated for whatever reason, our Group can still work with other customers

---

## BUSINESS

---

as we offer a wide range of products and services that are compatible to many car makes. For example, we provided products and services to ten other authorised PV distributors and dealers in Singapore.

For risk in relation to our relationship with our top five customers, please refer to the section headed “Risk Factors — A substantial amount of our revenue is derived from the contracts we enter into with the subsidiaries of one of the leading Singapore car dealers, and any decrease or loss of business with any of its subsidiaries could materially and adversely affect our business, financial condition and results of operations” of this prospectus.

### **Pricing policy and credit terms**

We generally price our passenger vehicle leather upholstery products taking into consideration of factors such as the type of leather, complexity of design and work, volume and lead time. In accordance with our Group’s credit policy, we generally offer our customers 30 day’s credit terms and payment is made by way of cheques and telegraphic transfers. 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 a 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. During the Track Record Period, we did not have any bad debt or provisions made for our trade receivables. For further details, please refer to the section headed “Financial Information — Discussion of Certain Items from the Combined Balance Sheets — Trade and other receivables” in this prospectus. For our retail customers, being individual passenger vehicle owners, payment is made in full on delivery by way of cash or credit card, but we may require deposits for PV leather upholstery products.

As for our passenger vehicle electronics accessories products, we generally price them taking into consideration of the market availability of comparable products, difficulty and complexity of installation, order volume and lead time. For urgent orders, we may charge a price premium compared to the normal order.

During the Track Record Period, the selling price of our products remain relatively stable.

**SUPPLIERS**

Our suppliers for our leather upholstery business include (i) suppliers of leather hides; and (ii) suppliers of custom-fitted leather upholstery for PV seats. Our suppliers for the navigation and multimedia sub-segment of our electronic accessories business include the various suppliers of navigation systems and multimedia players. Our suppliers for the security and safety sub-segment of our electronic accessories business include the various suppliers of electronic accessories such as, among others, digital video recorders, parking sensors and cameras.

Our Group has stringent procedures in the selection of suppliers. We maintain a list of approved suppliers that are generally located in Singapore, Malaysia, Korea and Taiwan and they are selected based on the pricing, quality and specifications of raw materials, product compliance with safety and environmental standards, timeliness of delivery, production capability and services provided. We generally procure our major raw materials from the suppliers in our list of approved suppliers and, in order to reduce our dependence on any one supplier, we generally maintain more than one supplier for our major raw materials.

For our leather hides, our technicians conduct inspection upon receipt to ensure that they are free from defects and conform to specifications. For our electronics accessories, prior to purchasing, our technicians test sample accessories for their functionality, stability and reliability and would provide feedback to our suppliers. Our suppliers would, where possible, troubleshoot and make modifications to such accessories based on our feedback. Further testing on the modified accessories is carried out to ensure the quality is up to standard. Our technicians carry out random testing on the accessories upon receipt and any defective accessories would be returned to our suppliers.

For the years ended 31 December 2015 and 2016, purchases from our top five suppliers of our Group accounted for approximately 73.0% and 82.0% of our total purchases respectively, and purchases from our largest supplier accounted for approximately 24.7% and 25.3% respectively of our total purchases during the same periods. Our Directors confirmed that none of our Directors, their associates or Shareholders who own more than 5% of the share capital of our Company as at the Latest Practicable Date had any interest in any of our Group's five largest suppliers during the Track Record Period.

---

## BUSINESS

---

The tables below set out details of the top five suppliers for our Group during the Track Record Period.

*For the year ended 31 December 2015*

<b>Rank</b>	<b>Supplier/Approximate number of years of business relationship with us</b>	<b>Key product/service supplied to us during the Track Record Period</b>	<b>Typical credit terms and payment method</b>	<b>Amount of purchases S\$'000</b>	<b>Percentage of total purchases of our Group (%)</b>
1	Supplier A/7 years	Navigation systems and multimedia systems	30 days, cheque	1,384	24.7
2	Supplier B/8 years	Manufacture of passenger vehicle leather seat covers	45 days, telegraphic transfer	756	13.5
3	Supplier C/3 years	Digital video recorders	No credit terms, telegraphic transfer or letter of credit	727	13.0
4	Supplier D/10 years	Leather hides and design and manufacture of passenger vehicle leather seat covers	30 days, telegraphic transfer	704	12.6
5	Supplier E/16 years	Navigation systems, parking sensors and cameras	30 days, cheque	514	9.2

---

## BUSINESS

---

*For the year ended 31 December 2016*

<b>Rank</b>	<b>Supplier/Approximate number of years of business relationship with us</b>	<b>Key product/service supplied to us during the Track Record Period</b>	<b>Typical credit terms and payment method</b>	<b>Amount of purchases S\$'000</b>	<b>Percentage of total purchases of our Group (%)</b>
1	Supplier D/ 10 years	Leather hides and design and manufacture of passenger vehicle leather seat covers	30 days, telegraphic transfer	1,420	25.3
2	Supplier C/ 3 years	Digital video recorders	No credit terms, telegraphic transfer or letter of credit	1,214	21.7
3	Supplier A/ 7 years	Navigation systems and multimedia systems	30 days, cheque	777	13.9
4	Supplier G/ 6 years	Navigation systems, multimedia systems, sensors, cameras, alarm systems and digital video recorders	7 to 30 days, cheque	596	10.6
5	Supplier B/ 8 years	Manufacture of passenger vehicle leather seat covers	45 days, telegraphic transfer	590	10.5

### **Agreement with suppliers**

Our Group generally do not enter into any long-term supply agreements with our suppliers. During the Track Record Period, we have entered into a written exclusive distribution agreement and a co-branding agreement with Supplier C, and have been granted exclusive distribution rights in writing by Supplier G. Except for Supplier C and Supplier G, we do not have any exclusive distribution and/or co-branding arrangements with our five largest suppliers during the Track Record Period. We generally place orders directly with (i) our suppliers for our leather upholstery business to procure leather hides and leather upholstery for our PV seat covers; and (ii) our suppliers of various PV electronic accessories. Certain of our suppliers grant us exclusive distributorships for their PV electronic accessories in Singapore.

### **Credit terms and payment method**

Our suppliers typically offer us a credit period of 30 days upon issue of invoice. Our material purchases are primarily denominated in US\$ and S\$. As at the Latest Practicable Date, we had not entered into any hedging transactions. We generally settle our procurement cost by bank transfer for overseas suppliers and by cheque for local Singapore suppliers.

---

## BUSINESS

---

### INVENTORY MANAGEMENT

Our inventory includes leather hides, custom-fitted passenger vehicle leather upholstery for PV seat covers; and electronics accessories. Our inventory is stored in at our warehouses and at our storage area at the vehicle preparation centre of our Largest Customer's SG Subsidiaries as we customarily conduct our installation works at their premises. We closely monitor our inventory to achieve a balance of cost efficiency, quality control and timely distribution. We strive to maintain optimal inventory levels to meet customer demands and manage our working capital requirements to finance our inventory.

We monitor our inventory levels regularly through our enterprise resource planning system. We also conduct physical stock take from time to time to ensure the accuracy of our inventory records. This information will be reviewed by our senior management to ensure that we are adequately funded and appropriately stocked with inventory.

Purchases of PV leather upholstery and electronic accessories are determined and adjusted by taking into account our current inventories and anticipated customer demand. This helps us to optimise inventory levels and maximise profitability. During the Track Record Period, we had not encountered any material shortage of, or material difficulties in procuring materials or services for our businesses and we had not experienced any significant delay in delivery of materials or services for our businesses by our suppliers which caused material disruption of our operations.

As at 31 December 2015 and 2016, our inventory amounted to approximately S\$1.1 million and S\$0.6 million, respectively, and our inventory turnover days were approximately 51.3 days and 40.4 days, respectively.

### INFORMATION TECHNOLOGY

We have installed an enterprise resource system, which we use for supporting our accounting functions and monitoring our inventory level. We plan to upgrade our information technology system, please refer to section entitled "Business — Our Business Strategies" in this prospectus for more information.

### QUALITY CONTROL AND MANAGEMENT

We have an established track record and reputation for reliability and quality in the supply and installation of PV leather upholstery and electronic accessories. For each job, our senior technicians or supervisors from each of our leather upholstery business and electronic accessories business oversee quality control during the day to day operations.

Our senior technicians or supervisors from our leather upholstery business ensure that (i) job requirements are identified; (ii) works are performed and materials are used in accordance with the specifications of our customer's order; (iii) quality control inspections on the leather upholstery are conducted before installation; and (iv) another quality control inspection after the installation works and before the handover of the passenger vehicle to the customer.

---

## BUSINESS

---

Stringent quality controls are conducted on PV leather upholstery and electronic accessories, especially products from new and untested suppliers. Upon receipt of the PV leather upholstery and electronic accessories, we conduct checks on the same to ensure that they are of the right specifications and are free from defects. Any defects will be promptly reported to our suppliers.

In line with our belief in the importance of providing quality products and services to our customers, we have put in place procedures to ensure that complaints from our customers are handled promptly. Our customers may complain by contacting our technicians and such complaints are initially handled by our technicians, and if they are unable to resolve it, our senior management will proceed with the follow-up action. All resolutions of complaints will be clearly and promptly communicated to our customers. Furthermore, in order to provide quality customer services and minimise the number of complaints, we provide trainings to technicians on skills, professional knowledge and latest developments.

Our Product Testing and Quality Control Department evaluates and identifies the latest in-demand passenger vehicle electronic accessories in the market. After identifying and shortlisting such products, our Product Testing and Quality Control Department conduct our in-house testing on the shortlisted product in order to ensure the quality of our products. Through the efforts of the Product Testing and Quality Control Department, we actively and continuously secures the distribution rights to the latest quality products such that it is able to offer the same to our customers.

We consider our ability to uphold the quality of our services and products crucial to our long term growth, and counts this ability as one of its competitive advantages in the industry. Our Group has obtained the ISO 9001:2008 certification since 6 June 2016, an internationally recognised standard for quality management.

### **Warranty**

We provide warranties for the PV leather upholstery and electronic accessories, usually for a period of one to three years. We provide free of charge follow-up check and services within such period if any defects on the products are found. Warranties granted by us for the leather upholstery and electronic accessories are based on the warranties provided by the supplier of such products.

Given that we have stringent quality control measures, the aggregate value at our provision for warranty was insignificant during the Track Record Period. During the Track Record Period, we had not recorded any incident of product recall, significant amount of product return or major product liability claim.

### **SEASONALITY**

Our Directors confirm that our Group's revenue was not subject to seasonality during the Track Record Period.

### **SALES AND MARKETING**

We strive to associate our "Eurostyle" brand and image with quality and reliability. We showcase our brand in some of the PV electronic accessories we provide, sometimes via co-branding arrangements with some of our suppliers'. Save for the foregoing, we currently do not focus on carrying out

---

## BUSINESS

---

advertising and promotion activities as in general for our industry, our sales leads come from word-of-mouth, reputation and our established track record. Instead, we focus on delivering prompt and quality service to our customers. Going forward, we intend to aggressively increase our sales and marketing efforts through placing more advertisements in magazines, social media and websites and participating in motor roadshows to showcase the products that we provide, in particular PV electronic accessories to appeal to our retail customers. We intend to improve our branding strategies and we intend to appoint an external consultant in this regard. See “Future Plans and Use of Proceeds” in this prospectus for further information on our plan on strengthening sales and marketing efforts.

We believe the maintenance of long term business relationships with our customers is crucial to the success of our business and place great emphasis on customer satisfaction. Our senior management team is responsible for the sales and promotion of our Group’s products, following up with customers’ purchase orders, formulating sales plans and policies, setting prices within the price range set out by our Group, providing after-sales service, and managing and maintaining a close client relationship.

### EMPLOYEES

We view our employees as being critical to the continued success of our business. We allocate resources for training and development for all our employees.

As at 31 December 2015 and 2016, we had a total of 48 and 51 employees respectively. As at the Latest Practicable Date, we have 54 employees, of which 23 are Singapore citizens and/or Singapore permanent residents. Of those employees who are not Singapore citizens or Singapore permanent residents, 31 were holders of work permits. During the Track Record Period, our Directors confirmed that our Group had not experienced any material difficulties or failure in applying for or renewing work permits of our employees. All our employees work in Singapore, except for two part-time employees, the rest are employed on a full time basis and are not members of any labour union.

Based on the legal opinion issued by our Singapore Legal Advisers, as at the Latest Practicable Date, the aforesaid 31 holders of work permits are from approved source countries and have obtained the relevant work permit as required under the Employment of Foreign Manpower Act (Chapter 91A) of Singapore. Please refer to the section entitled “Regulatory Overview — Employment of Foreign Manpower” of this prospectus for further details.

<b>Function</b>	<b>Number of employees</b>
Management and Sales and Marketing	6
Finance and Administrative	6
Product Testing and Quality Control <sup>(1)</sup>	3
Technicians	39
<b>Total</b>	<b>54</b>

*Note:*

(1) Employees in the product testing and quality control department are also technicians.



---

## BUSINESS

---

We believe that we have a strong working relationship with our employees. Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, our Group did not experience any significant employee turnover, nor was there any incidence of strikes, work stoppages or significant employee disputes which materially affected our Group's business.

### **Hiring**

When hiring, we take into account factors such as our development strategies and expansion plans, industry trends and the labour market environment. We also look for candidates who possess experience relevant to our business and the particular positions we are looking to fill. We usually communicate internally on any open position to source for referral of any possible candidate and/or publish hiring information in the newspapers. During the Track Record Period and up to the Latest Practicable Date, we had not experienced any significant difficulty in engaging new personnel.

### **Training**

We provide on-the-job training to our employees to improve their skills and product knowledge as well as keep them updated on new developments. Our training covers topics such as product knowledge and servicing skills. We have in place a mentorship programme whereby senior staff are assigned to newcomers to train them for a short period upon them joining our Group.

### **Remuneration**

We offer competitive remuneration packages. For our technicians in our PV leather upholstery and accessories business, we offer incentives in addition to their salary. We offer bonuses for all employees, provided their performance is satisfactory. We also believe in promoting internally as this promotes employee satisfaction and enables us to improve service quality to our customer and enjoy a low employee turnover rate. We review the performance of our employees on a regular basis for salary and promotion appraisals.

## **PROPERTIES**

As at the Latest Practicable Date, we owned three properties and leased one property in Singapore.

---

## BUSINESS

---

### Properties which we own

As at the Latest Practicable date, we owned three properties, details of which are set out in the table below:

<u>Address</u>	<u>Built-up area</u>	<u>Tenure</u>	<u>Use</u>
Block 3018, Bedok North Street 5, #02-07 Eastlink, Singapore 486132	191 sq.m.	30 years commencing 1 November 2002	Workshop/office
Block 3018, Bedok North Street 5, #02-08 Eastlink, Singapore 486132	191 sq.m.	30 years commencing 1 November 2002	Workshop/ showroom/ warehouse/office
Block 3018, Bedok North Street 5, #02-09 Eastlink, Singapore 486132	193 sq.m.	30 years commencing 1 November 2002	Warehouse/office

As no single property interest that forms part of our non-property activities has a carrying amount of 15% or more of our total assets as at 31 December 2016, no valuation report for any of our property interests has been included in this prospectus.

### Leased property

As at the Latest Practicable Date, we leased a unit at Block 3018, Bedok North Street 5, #02-06 Eastlink, Singapore 486132 from the Housing & Development Board of Singapore with an aggregate area of approximately 191 sq.m. The leased premise is used as our warehouse and office. For the years ended 31 December 2015 and 2016, our property rental expenses accounted for approximately S\$33,636 and S\$36,076, respectively.

The following table sets out a summary of the property leased by us as at the Latest Practicable Date:

<u>Address</u>	<u>Built-up area</u>	<u>Term</u>	<u>Use</u>	<u>Rent (inclusive of service and conservancy charges and goods and services tax)</u>
Block 3018, Bedok North Street 5, #02-06 Eastlink, Singapore 486132	191 sq.m.	Period of three years commencing from 1 March 2016	Warehouse/office	1st year: S\$3,047 2nd year: S\$3,291 3rd year: S\$3,633

During the Track Record Period, we have not experienced any difficulty in renewing our lease.

---

## BUSINESS

---

### RESEARCH AND DEVELOPMENT

We operate as a leading service provider in the passenger vehicle interior modification market and do not engage in and have not engaged in any significant research and development activity in the course of our business. During the Track Record Period, we did not incur any research and development expenses which would have had a material impact on our business, financial condition or results of operations.

### COMPETITION

According to the Frost & Sullivan Report, the passenger vehicle interior modification market in Singapore is comparatively fragmented with the top five players accounting for approximately 47.0% of the market share in 2016. We were the leading service provider in PV interior modification market in Singapore with a market share of approximately 16.3% in 2016 in terms of sales revenue.

According to the Frost & Sullivan Report, the complex consumer demand and the requirement to have good connections with car dealers, among others, are the major market entry barriers to the passenger vehicle interior modification industry. Our Directors believe that our competitive strengths, in particular our established and proven track record and our long standing and well-established relationships with many of our customers and suppliers puts our Group in a good position to maintain our position as one of the leading players in the passenger vehicle interior modification market in Singapore.

For further details on the competitive landscape of the passenger vehicle interior modification market in Singapore, please refer to the section entitled “Industry Overview — Competitive Landscape of Singapore Passenger Vehicle Interior Modification Market” of this prospectus.

### INSURANCE

In order to cover our Group from liability, we maintain policies to such extent that we consider adequate for our operations. We evaluate from time to time the scope and amount of coverage based on our past experience and prevailing industry standards. As at the Latest Practicable Date, we carry (i) public liability insurance that covers liability due to any injury or loss or damage to property that may occur in connection with our business; (ii) fire insurance which covers risk of losses due to fire at our workshops; (iii) work injury compensation insurance for our employees as required under the applicable laws and regulations in Singapore; (iv) product liability insurance for losses that may occur due to our leather upholstery products or the electronic accessories that we sell and install; and (v) medical insurance for all our work permit holders as required under the applicable laws and regulations in Singapore. We believe our insurance coverage to be adequate and in line with industry practices in Singapore. For risk associate with our insurance coverage, please refer to “Risk Factors — Risks Relating to Our Business — We maintain limited insurance coverage.” of this prospectus.

Our Directors confirm that during the Track Record Period and up to the Latest Practicable Date, we have not made any claim on any of our insurance policies.

---

## BUSINESS

---

### INTELLECTUAL PROPERTY RIGHTS

#### Trademark

As at the Latest Practicable Date, our Group is the registered owner of one trademark in Singapore and applying for the registration of two other trademarks in Hong Kong and one trademark in Singapore. Details of such trademarks are set out in the paragraph headed “Intellectual property rights of our Group” in Appendix IV to this prospectus.

#### Domain name

As at the Latest Practicable Date, our Group is the registered owner of one domain name, being **www.thetomogroup.com**. Details of the domain name are set out in the paragraph headed “Intellectual property rights of our Group” in Appendix IV to this prospectus.

### LICENCES AND PERMITS

The following table sets out a summary of all the material licences and permits we have obtained in relation to our business operations as at the Latest Practicable Date:

<u>Licence</u>	<u>Licensing body</u>	<u>Validity period</u>	<u>Description</u>	<u>Licence holder</u>
Factory notification	MOM	There is no expiry date to the factory notification, however, we are required to make the applicable Factory Notifications (as defined herein) to MOM from time to time <sup>(1)</sup>	A notification required under the WSH Factories Regulations in respect of our operations at Block 3018, Bedok North Street 5, #02-06 to #02-09 Eastlink, Singapore 486132	TOMO-CSE Autotrim Pte Ltd

*Note:*

- (1) See section headed “Regulatory Overview — Workplace Safety and Health (Registration of Factories) Regulations 2008” of this prospectus for further details.

For the laws and regulations governing the licences and permits of our Group please refer to the section entitled “Regulatory Overview” of this prospectus.

Based on the legal opinion issued by our Singapore Legal Advisers, as at the Latest Practicable Date, we have obtained all licences, approvals and permits from the relevant governmental authorities which are material for our business operations in Singapore.

### WORK SAFETY AND ENVIRONMENTAL MATTERS

Our operations are subject to regulations and periodic examinations by local work safety authorities in Singapore. If we fail to comply with such laws and regulations, we may be subject to penalties, including but not limited to fines, orders or variation or revocation of relevant approvals,

---

## BUSINESS

---

permit or licences. We are fully committed to providing a safe and healthy environment for our employees. We adopt a workplace safety and health policy which includes work safety procedures such as emergency responses and use of protective equipment. We have also implemented a risk management plan in accordance with the Workplace Safety and Health (Risk Management) Regulation, which includes risks assessment and risks prevention at our workshop, and to ensure safety measures and policies are in place. During the Track Record Period, we had no material safety incidents. Based on the legal opinion issued by our Singapore Legal Advisers, as at the Latest Practicable Date, we have obtained all licences, permits and approvals which are material for the conduct of our business operations under the applicable laws, rules or regulations in Singapore.

### LEGAL PROCEEDINGS AND REGULATORY COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there was no litigation or arbitration proceeding pending or threatened against our Group or any of our Directors which could have a material adverse effect on our Group's financial condition or results of operations. Our Directors confirm that we had complied with all applicable laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

### RISK MANAGEMENT AND INTERNAL CONTROL

In the course of conducting our business, we are exposed to various types of risks, which are further elaborated in the section entitled "Risk Factors" of this prospectus. To ensure effective risk management, we have implemented procedures and policies such as the following:

#### **Board and audit committee**

Our Board oversees and manages the overall risks associated with our business. We have established an audit committee to review and supervise the financial reporting process and internal control system of our Group. The audit committee consists of three members namely Mr. Clarence Tan Kum Wah, Mr. Lim Cher Hong and Mr. Gary Chan Ka Leung. For the qualifications and experience of the members of the audit committee, please refer to the section entitled "Directors, Senior Management and Employees" of this prospectus. We have also prepared written terms of reference in compliance with the GEM Listing Rules and the Corporate Governance Code as set out in Appendix 15 to the GEM Listing Rules.

#### **Internal Control**

Our Group has established internal control systems covering corporate governance, financial reporting, revenue, expenditure management, human resources, treasury and general computer controls. In December 2016, we have procured a detailed evaluation and review of our internal control system and have enhanced our internal control system in accordance with the findings of such review. Our Directors believe that the current internal control system is appropriate for our business operations. Our Board will regularly review the administration and the adequacy of our internal system and develop and revise our internal control system to cater for our expansion.

### INTERNAL CONTROL MEASURES

In order to ensure future compliance with applicable laws, regulations and related policies, we have adopted an internal control policy and the following measures:

- (i) our Directors have attended trainings conducted by our Hong Kong legal advisers, Robertsons, on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the GEM Listing Rules and our Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;
- (ii) our Group has appointed Fortune Financial Capital Limited as our compliance adviser pursuant to Rule 6A.19 of the GEM Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the GEM Listing Rules and all other applicable laws, rules, codes and guidelines;
- (iii) our Group has established an audit committee with written terms of reference in accordance with Appendix 15 to the GEM Listing Rules to review the internal control system and procedures for compliance with the requirements of the GEM Listing Rules and other applicable laws, rules and regulations;
- (iv) our Group has also established a corporate governance committee to monitor ongoing corporate governance and to ensure that the principles set out in Appendix 15 to the GEM Listing Rules are followed and complied with; and
- (v) our Group will from time to time, appoint external legal advisers, where applicable, to advise on compliance with and provide us with updates on the changes in the GEM Listing Rules and the applicable laws, regulations and rules from time to time to see if any change is required to be made with our operations and/or internal control policy.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

### OUR CONTROLLING SHAREHOLDERS

Immediately after completion of the Share Offer and the Capitalisation Issue (without taking into account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme), our Controlling Shareholders will hold/be interested in 337,500,000 Shares, representing 75% in aggregate of the total issued share capital of our Company. Ms. Lee and Mr. David Siew (through TOMO Ventures) will each hold 51% and 49% respective attributable interest of our Company's share capital and in aggregate control 75% of the Shares in issue. As such, Ms. Lee and Mr. David Siew will continue to remain as the dominating group of Shareholders which would continue to hold a controlling interest in our Company upon completion of the Share Offer and the Capitalisation Issue. Further, Ms. Lee and Mr. David Siew are spouses, they are and will be acting in concert.

Our Directors, to the best of their knowledge, information and belief, have confirmed that, none of the Controlling Shareholders, the Substantial Shareholders, our Directors and their respective associates is interested in any business which competes, or may compete, directly or indirectly, with the business of our Company.

### INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

#### Management independence

Our Board and members of our senior management have functions that are independent from our Controlling Shareholders and their respective associates. Our Board has six Directors comprising three executive Directors and three independent non-executive Directors.

Each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant board meetings of our Company in respect of such transactions and will not be counted in the quorum. In addition, our Company has an independent senior management team to carry out the business decisions of our Group independently.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders following the completion of the Share Offer.

#### Operational independence

Our Group has established our own organisational structure made up of individual departments, each with specific areas of responsibilities. For instance, we have our own capabilities and personnel to perform all essential operational functions, including management and sales and marketing, finance and administrative as well as Technicians. In particular, we are led by a management team with extensive experience in the passenger vehicle leather upholstery and electronic accessories industry in Singapore. Each of Ms. Lee and Mr. David Siew, our executive Directors, has around 30 years of experience in the

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

industry. Our Group had not shared any operational resources, such as office premises, sales and marketing and general administration resources with our Controlling Shareholders and their close associates, during the Track Record Period. Our Group has also established a set of internal controls procedures to facilitate the effective operation of our business.

Our suppliers are all independent from our Controlling Shareholders. We do not rely on our Controlling Shareholders or their close associates and have our independent access to our suppliers for the provision of services and materials.

Based on the above, our Directors are satisfied that we have been operating independently from our Controlling Shareholders during the Track Record Period and will continue to operate independently.

### **Financial independence**

We have an independent financial system and make financial decisions according to our own business needs. As at the Latest Practicable Date, our Group had released all the personal guarantees given by Ms. Lee and Mr. David Siew under the banking facilities and replaced such guarantees by corporate guarantee from our Group. In view of our Group's internal resources and the estimated net proceeds from the Share Offer, our Directors believe that our Group will have sufficient capital for our financial needs without dependence on our Controlling Shareholders. Our Directors further believe that, upon the Listing, our Group is capable of obtaining financing from external sources independently without the support of our Controlling Shareholders.

### **NON-COMPETITION UNDERTAKING**

Our Controlling Shareholders (each a "**Covenantor**" and collectively, the "**Covenantors**") have entered into the Deed of Non-competition in favour of our Company, under which each of the Covenantors has irrevocably and unconditionally, jointly and severally, warranted and undertook to our Company (for itself and as trustee for each of its subsidiaries) that:

- (a) he/she/it will not, and will procure any Covenantor and his/her/its close associates (each a "**Controlled Person**" and collectively, the "**Controlled Persons**") and any company directly or indirectly controlled by the Covenantor (which for the purpose of the Deed of Non-Competition, shall not include any member of our Group) (the "**Controlled Company**") not to, except through any member of our Group, directly or indirectly (whether on our own account or with each other or in conjunction with or on behalf of any person or company, or as principal or agent, through any body corporate, partnership, joint venture or other contractual arrangement and whether for profit or otherwise), carry on, engage in, invest or acquire or hold any rights or be interested or otherwise involved in any business that is similar to or in competition directly or indirectly (in each case whether as a shareholder, director, partner, agent or otherwise and whether for profit, reward or otherwise) with any business currently and from time to time engaged by our Group in Hong Kong and any other country or jurisdiction to which our Group carries on our business from time to time (the "**Restricted Business**");



---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

- (b) if each of the Covenantors is offered or becomes aware of any project or business opportunity relating to the Restricted Business (the “**New Business Opportunity**”) whether directly or indirectly, he/she/it (i) shall promptly notify our Company of such New Business Opportunity in writing, refer the same to our Company for consideration first and provide such information as may be reasonably required by our Company to make an informed assessment of such New Business Opportunity; and (ii) shall not, and shall procure that the Controlled Persons or Controlled Company shall not, invest or participate in any such New Business Opportunity unless such New Business Opportunity shall have been declined by our Company and the principal terms of which he/she/it and/or his/her/its close associates invest or participate in are no more favourable than those made available to our Company.

Our independent non-executive Directors will review the New Business Opportunity and decide whether to invest in the New Business Opportunity. If our Group has not given written notice of our desire to invest in such New Business Opportunity or has given written notice denying the New Business Opportunity within 30 business days (the “**30-day Offering Period**”) of receipt of notice from our Controlling Shareholders, our Controlling Shareholders and/or his/her/its associates shall be permitted to invest in or participate in the New Business Opportunity on his/her/its own accord. With respect to the 30-day Offering Period, our Directors consider that such period is adequate for our Company to assess any New Business Opportunity. In the event that our Company requires additional time to assess the New Business Opportunity, our Company may give a written notice to our Controlling Shareholders during the 30-day Offering Period and our Controlling Shareholders agree to extend the period to a maximum of 60 business days.

The Deed of Non-competition does not apply to the holding of or interests in shares or other securities by any of the Covenantors and/or his/her/its close associates in any company which conducts or is engaged in any Restricted Business, provided that, in the case of such shares, they are listed on a recognised stock exchange as specified under the SFO and either:

- (a) the relevant Restricted Business (and assets relating thereto) accounts for less than 10% of the relevant consolidated turnover or consolidated assets of the company in question, as shown in the latest audited accounts of the company in question; or
- (b) the total number of the shares held by any of the Covenantors and his/her/its close associates or in which they are together interested does not amount to more than 5% of the issued shares of that class of the company in question, provided that any of the Covenantors and his/her/its close associates, whether acting singly or jointly, are not entitled to appoint a majority of the directors of that company and that at all times there is a holder of such shares holding (together, where appropriate, with its close associates) a larger percentage of the shares in question than the Covenantors and his/her/its close associates together hold.

The Deed of Non-competition will take effect from the date on which dealings in the Shares first commence on GEM and will cease to have any effect upon the earliest of the date on which (i) such Covenantor, being a Controlling Shareholder, individually or collectively with any other Covenantor(s) ceases to be interested, directly or indirectly, in 30% or more of the issued Shares, or otherwise ceased to be regarded as controlling shareholder (as defined under the GEM Listing Rules from time to time) of our Company; or (ii) the Shares cease to be listed and traded on GEM or other recognised stock exchange.

---

## RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

---

### CORPORATE GOVERNANCE MEASURES

Our Company will adopt the following measures to strengthen its corporate governance practice and to safeguard the interests of the Shareholders:

- (a) the Articles provide that a Director shall absent himself/herself from participating in Board meetings (nor shall he/she be counted in the quorum) and voting on any resolution of the Board approving any contract or arrangement or other proposal in which he/she or any of his/her close associates is materially interested unless a majority of our independent non-executive Directors expressly requested him/her to attend;
- (b) our independent non-executive Directors will review and will disclose decisions with basis, on an annual basis, the compliance with the Deed of Non-competition by our Controlling Shareholders;
- (c) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the Deed of Non-competition;
- (d) our Company will disclose decisions with basis on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-competition of our Controlling Shareholders in the annual reports of our Company;
- (e) our Controlling Shareholders will make an annual declaration on compliance with the Deed of Non-competition in the annual report of our Company;
- (f) our Company has appointed Fortune Financial Capital Limited as our compliance adviser to advise on compliance matters in accordance with the GEM Listing Rules;
- (g) our independent non-executive Directors will be responsible for deciding whether or not to allow our Controlling Shareholders and/or their respective close associates to involve or participate in a Restricted Business and if so, any condition to be imposed; and
- (h) our independent non-executive Directors may appoint independent financial adviser and other professional advisers as they consider appropriate to advise them on any matter relating to the Deed of Non-competition or connected transaction(s) at the cost of our Company.

Any transaction that is proposed between our Group and our Controlling Shareholders and their respective close associates will be required to comply with the requirements of the GEM Listing Rules, including, where appropriate, the reporting, annual review, announcement and independent shareholders' approval requirements.

None of the members of our Group has experienced any dispute with its shareholders or among its shareholders themselves and our Directors believe that each member of our Group has maintained positive relationship with its shareholders. With the corporate governance measures including the measures set out above, our Directors believe that the interest of the Shareholders will be protected.

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

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

### Directors

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
<b>Executive Directors</b>						
Mr. Siew Yew Khuen (蕭耀權先生)	60	Chairman of the Board, executive Director and chief executive officer	27 October 1995	16 January 2017	Responsible for overall management, strategic direction and business development of our Group; serves on remuneration and corporate governance committee	Spouse of Ms. Lee and brother of Mr. Richard Siew
Ms. Lee Lai Fong (李麗芳女士)	57	Executive Director and director of finance and administration	27 October 1995	16 January 2017	Responsible for finance, treasury and administration of our Group; serves on remuneration and corporate governance committee	Spouse of Mr. David Siew and sister-in-law of Mr. Richard Siew
Mr. Siew Yew Wai (蕭耀威先生)	54	Executive Director and director of sales and marketing	19 January 2015	16 January 2017	Responsible for sales and marketing and promotions of our Group; serves on nomination and corporate governance committee	Brother of Mr. David Siew and brother-in-law of Ms. Lee
<b>Independent non-executive Directors</b>						
Mr. Clarence Tan Kum Wah (陳錦華先生)	50	Independent non-executive Director	23 June 2017	23 June 2017	Responsible for providing independent judgement on strategy, performance, resources and standard of conduct of our Group as well as advising on corporate governance, connected transactions and remuneration of Directors and senior management and nomination of Directors; serves on audit and nomination committee	N/A

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
Mr. Lim Cher Hong (林芝鋒先生)	50	Independent non- executive Director	23 June 2017	23 June 2017	Responsible for providing independent judgement on strategy, performance, resources and standard of conduct of our Group as well as advising on corporate governance, connected transactions and remuneration of Directors and senior management and nomination of Directors, serving as the Chairman of the Remuneration Committee; serves on audit and remuneration committee	N/A
Mr. Gary Chan Ka Leung (陳嘉樑先生)	44	Independent non- executive Director	23 June 2017	23 June 2017	Responsible for providing independent judgement on strategy, performance, resources and standard of conduct of our Group as well as advising on corporate governance, connected transactions and remuneration of Directors and senior management and nomination of Directors; serves on audit and nomination committee	N/A

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

### Senior management

Name	Age	Position	Date of joining our Group	Date of appointment to the current position	Main roles and responsibilities	Relationship with other Directors and senior management (other than that through or relating to our Group)
Mr. Philip Tan Eng Choon	69	Sales and Marketing Manager	1 July 1996	1 July 1996	Responsible for sales and marketing and servicing of customer accounts of our Group	N/A
Mr. Ong Kim Hoi (王金海先生)	41	Business Development Manager	1 December 2011	1 December 2011	Responsible for product procurement for the electronic accessories business, and overseeing quality control and testing of new electronic accessories	N/A
Mr. Alan Hoh Chan Ming (何贊明先生)	30	Group Financial Controller	12 December 2016	12 December 2016	Responsible for financial planning and control, accounting operations, and internal control systems of our Group	N/A

## DIRECTORS

### Executive Directors

**Mr. Siew Yew Khuen** (蕭耀權先生), aged 60, is a co-founder of our Group. He was appointed as a Director on 16 January 2017 and re-designated as a chairman, executive Director and chief executive officer of our Company on 8 March 2017. Mr. David Siew has been the director of TOMO-CSE since its inception in October 1995, where he oversees all aspects of the operations of our Group including sales/marketing, product planning/development, merchandising, strategic planning, corporate policies and new business initiative.

Mr. David Siew is an entrepreneur with over 35 years of start-up and business operational experience, including experience in the supply, manufacture and installation of passenger vehicle leather upholstery, as well as supply and installation of electronic accessories. Under his leadership, our Group has become the number one passenger vehicle interior modification service provider in terms of revenue in Singapore in 2016 (source: Frost & Sullivan Report), dealing in leather upholstery and electronic accessories (such as systems integration for digital video recorders, navigation systems, in-car multi-media entertainment system, reverse camera, front and rear parking sensors, etc).

In 1980, Mr. David Siew co-founded Tomo General Contractors Pte Ltd (“**Tomo GC**”) which principally supplied passenger vehicle accessories products and provided installation services in later years. In 1986, he co-founded Tomo Auto Sound Pte. Ltd. (“**Tomo Sound**”) with Ms. Lee to supply passenger vehicle accessories to authorised passenger vehicle distributors and dealers in Singapore. In 1990, he co-founded Tomo Auto Leather Pte Ltd (“**Tomo Leather**”) to supply leather upholstery products and installation services to authorised passenger vehicle distributors and dealers in Singapore. During the years leading up to the incorporation of TOMO-CSE, Mr. David Siew had established strong

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

business relationships with the numerous authorised passenger vehicle distributors and dealers in Singapore. In October 1995, Mr. David Siew and Ms. Lee co-founded TOMO-CSE to supply and install passenger vehicle leather upholstery, and to supply and install passenger vehicle electronic accessories for the Singaporean market. In 1996, Mr. David Siew sold his interest in Tomo Leather and in 2001, both Tomo GC and Tomo Sound were voluntarily dissolved as Mr. David Siew decided to focus on the business operations of TOMO-CSE to carry-on the business in supplying passenger vehicle leather upholstery and electronic accessories.

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

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Nature of business</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>
Eurostyle Autotrim Pte Ltd (formerly known as Tomo Auto Sound Pte. Ltd.)	Singapore	General wholesale trade; repair and audio and video equipment	7 August 2009	Struck off
Hedge Corporation S Pte Ltd	Singapore	Iron and steel foundries	30 July 1999	Struck off
Tomo General Contractors Pte Ltd	Singapore	Repair and restoration of cabinets, furniture, upholstery, window shades and other fixtures	4 January 2008	Struck off

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

Mr. David Siew has not held any directorship in any listed companies in the last three years. Save as being the spouse of Ms. Lee and the brother of Mr. Richard Siew, Mr. David Siew does not have any relationship with any of the Directors.

**Ms. Lee Lai Fong (李麗芳女士)**, aged 57, is a co-founder of our Group. She was appointed as a Director on 16 January 2017 and re-designated as an executive Director of our Company on 8 March 2017. She is currently the director of finance and administration at TOMO-CSE, where she is responsible for finance, treasury and administration matters of our Group. Ms. Lee is an entrepreneur with over 30 years of start-up and business operational experience, including in the manufacture, supply and installation of passenger vehicle leather upholstery, and the supply and installation of electronic accessories.

In 1980, Ms. Lee joined Tomo GC as a senior manager. In 1986, she co-founded Tomo Sound with Mr. David Siew to supply passenger vehicle accessories to major car dealers in Singapore. In October 1995, Ms. Lee and Mr. David Siew co-founded TOMO-CSE to supply and install passenger vehicle leather upholstery, and to supply and install electronic accessories to the Singapore market.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

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

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Nature of business</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>
Eurostyle Autotrim Pte Ltd (formerly known as TOMO Auto Sound Pte. Ltd.)	Singapore	General wholesale trade; repair and audio and video equipment	7 August 2009	Struck off
Hedge Corporation S Pte Ltd	Singapore	Iron and steel foundries	30 July 1999	Struck off
Tomo General Contractors Pte Ltd	Singapore	Repair and restoration of cabinets, furniture, upholstery, window shades and other fixtures	4 January 2008	Struck off

Ms. Lee has confirmed that each of the above companies was solvent at the time of their respective dissolution and so far as she was aware, no claim has been or will be made against her as a result of such dissolution.

Ms. Lee has not held any directorship in any listed companies in the last three years. Save as being the spouse of Ms. David Siew and sister-in-law of Mr. Richard Siew, Ms. Lee does not have any relationship with any of the Directors.

**Mr. Siew Yew Wai** (蕭耀威先生), aged 54, was appointed as a Director on 16 January 2017 and re-designated as an executive Director of our Company on 8 March 2017. Mr. Richard Siew is currently the director of sales and marketing at TOMO-CSE.

Mr. Richard Siew started his career in June 1987 at NCS Pte. Ltd. (“NCS”), a subsidiary of Singapore Telecommunications Limited, in Singapore as a systems analyst cum programmer, where he was first deployed to the Ministry of Education, Singapore to assist in the development of the mainframe computer programming of various application systems. In June 1990, he was deployed to the National Computer Board as an information technology consultant where he advised and assisted Singapore’s small and medium enterprises to automate and improve productivity by utilising information technology. In April 1997, Mr. Richard Siew returned to NCS as an account director where he was responsible for the business development and sales of information and communications technology projects and services to the higher education sector. In January 2015, he joined the Group to assist Mr. David Siew to further expand our Group’s businesses.

Mr. Richard Siew obtained a bachelor of science degree in information systems from the National University of Singapore in June 1987.

Mr. Richard Siew has not held any directorship in any listed companies in the last three years. Save as being the brother of Mr. David Siew and brother-in-law of Ms. Lee, Mr. Richard Siew does not have any relationship with any of the Directors.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

### Independent non-executive Directors

**Mr. Clarence Tan Kum Wah** (陳錦華先生) (“**Mr. Tan**”), 50, has been appointed as an independent non-executive Director on 23 June 2017. Since January 2017, he has been the non-executive director of GlobalRoam Group Ltd (“**GlobalRoam**”, together with its subsidiaries “**GR Group**”), a group that primarily provides integrated communications technology to the telecommunication companies in the Southeast Asian region. GlobalRoam was the first company in Singapore to be traded on the over-the-counter exchange managed by Phillips Securities Pte. Ltd. in 2007. Mr. Tan founded GR Group in January 2001 and had served as its chief executive officer since its inception till July 2016, when he relinquished his role and was re-designated as executive deputy chairman until December 2016.

Concurrently, since October 2016, Mr. Tan has been a director of STT Connect Pte. Ltd., a private cloud service provider and a joint venture between STT GDC Pte. Ltd. (wholly-owned by Singapore Technologies Telemedia Pte. Ltd.) and GR Group. Since December 2016, Mr. Tan has also been a director of ICMG Financial Services Pte. Ltd.; a joint venture between ICMG Co, Ltd., ACA Partners Pte. Ltd. and ACA Inc.; a management consultancy company that offers merger and acquisition and alliance services to Asian and Japanese enterprises. Prior to GR Group, Mr. Tan was a director of Pinnz Pte Ltd, the holding company of its subsidiaries including Pinnz Networks (HK) Limited and Pinnz Network Pte Ltd, from August 1999 to its dissolution in June 2007. Pinnz Pte Ltd was a telecommunications company which provided services such as voice over internet protocol services.

Apart from his career commitments, Mr. Tan also holds key positions in other areas of society. He was awarded a Phoenix Mentor by The Phoenix Award Committee in 2002, which his main role as a Phoenix Mentor then was to mentor founders of start-ups. He had served in the Singapore People’s Association Sembawang Community Club Management Community from 2012 to 2016 and currently holds the rank of Colonel in the national service unit under the Guards formation in the Singapore Armed Forces (“**SAF**”). Mr. Tan was bestowed the honour and privilege to be the Parade Commander for Singapore’s National Day Parade in 2012 and was accorded The Commendation Medal (Military) and The Long Service Medal (Military), in 2010 and 2015 respectively, for his distinguished service in the SAF.

Mr. Tan obtained a bachelor of science degree in information technology from the University of Southern Queensland in March 1994 through long distance learning conducted in Singapore and a master’s degree in business administration from the National University of Singapore in October 2004.



---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

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

<u>Name of company/ business</u>	<u>Place of incorporation/ principal place of business</u>	<u>Nature of business</u>	<u>Date of commencement of winding up petition or date on which winding up resolution was passed/date of dissolution</u>	<u>Means of dissolution</u>
Asiamall	Singapore	Wholesale of computer software; manufacture/repair of computer peripheral equipment	Not applicable/ 23 March 1998	Termination
Comutech Peripherals	Singapore	Wholesale of computer hardware, peripheral equipment and computer accessories	Not applicable/ 28 May 1994	Termination
Cybernetics Communications Pte Ltd	Singapore	Internet access providers; engineering design and consultancy activities	Not applicable/ 22 February 2007	Struck off
Globalpeer	Singapore	Business and management consultancy services; real estate activities	Not applicable/ 24 November 2013	Termination
Globalroam (International) Limited	Singapore	Telecommunications reseller and provider	Not applicable/ 22 February 2007	Struck off
Niin Pte Ltd	Singapore	Manufacture of I.T. products and services; service provider of internet related services	Not applicable/ 8 December 2010	Struck off
Pinnz Networks (HK) Limited ( <i>Note 1</i> )	Hong Kong	Telecommunication services	26 March 2002/ 14 February 2007	Compulsory winding up
Pinnz Networks Pte Ltd ( <i>Note 1</i> )	Singapore	Telecommunication services	20 August 2002/ 9 June 2007	Dissolved — creditor's voluntary winding up
Pinnz Pte Ltd ( <i>Note 1</i> )	Singapore	Holding company	8 August 2002/ 9 June 2007	Dissolved — creditor's voluntary winding up
Primecom	Singapore	Wholesale of computer hardware and peripheral equipment	Not applicable/ 1 August 1994	Termination
Singmall Innovation	Singapore	Wholesale of computer software; manufacture/repair of computer peripheral equipment	Not applicable/ 23 March 1998	Termination
Sunnyline	Singapore	General wholesale trade	Not applicable/ 17 July 1994	Termination

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

*Note 1:* Pinnz Pte Ltd was the ultimate holding company of both Pinnz Networks (HK) Limited and Pinnz Networks Pte Ltd. Although Mr. Tan was a director of the three companies at the relevant time or within twelve months prior to the respective winding-up proceedings, he was not involved in the day-to-day management or operations in any of them. Due to the cessation of funding for Pinnz Pte Ltd in 2001, Pinnz Networks (HK) Limited and Pinnz Networks Pte Ltd were wound up as they could not continue their businesses by reason of their lack of working capital.

Mr. Tan has confirmed that each of the above companies, other than Pinnz Networks (HK) Limited, Pinnz Networks Pte Ltd and Pinnz Pte Ltd (the “**Pinnz Companies**”), was solvent at the time of their respective dissolution. Further, as far as Mr. Tan was aware, there is no outstanding claim, dispute or liability against him in respect of the Pinnz Companies.

Mr. Tan has not been a director of any publicly listed company in the three years immediately preceding the Latest Practicable Date.

**Mr. Lim Cher Hong** (林芝鋒先生) (“**Mr. Lim**”), aged 50, was appointed as an independent non-executive Director on 23 June 2017. Mr. Lim is an entrepreneur with 24 years of experience in the information technology (“**IT**”) industry with expertise in designing, developing, deploying, enhancing and maintaining large scale enterprise IT systems. In 1997, Mr. Lim co-founded RSTN Consulting Pte. Ltd. (“**RSTN**”) and has been the group chief executive officer since its inception, where he has successfully grown the company from the beginning of four founders to its current span of around 180 full-time and 460 contract staff across nine countries. RSTN specialises in assisting large multinationals with global deployments of business process management, enterprise content management, document imaging and commission management solutions for clients in industries such as insurance and banking.

Prior to founding RSTN, Mr. Lim was the head of the imaging technology division for Asiasoft (S) Pte Ltd (“**Asiasoft**”) between January 1993 and March 1999, where he helped Asiasoft established its core business of document management and workflow in the South East Asian region, especially in Indonesia, where he assisted to grow the business to become a one of the main providers of document and workflow solutions in Indonesia at the time. Mr. Lim was conferred the top salesman award by the Singapore National Achievers Congress in 1997 in recognition of his sales achievement at Asiasoft.

Mr. Lim was the chairman of Young PAP (youth wing of the ruling People’s Action Party) Serangoon branch in Singapore from 2002 to 2006. Mr. Lim had served as the vice chairman of the Singapore Enterprise Chapter of the Singapore Infocomm Technology Federation from 2009 to 2013. He was appointed as the chief consultant for culture and trade by the Shandong Qufu People’s Government of the People’s Republic of China in 2010.

Mr. Lim obtained a bachelor’s degree in business administration from the Royal Melbourne Institute of Technology in Australia in August 1993 and a master of science degree in knowledge management from the Singapore Nanyang Technological University in June 2008, which also saw him awarded the LexisNexis Gold Medal for the academic year 2007 to 2008 for his outstanding academic records of sufficient merit in the programme.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

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

<u>Name of company</u>	<u>Place of incorporation</u>	<u>Nature of business</u>	<u>Date of dissolution</u>	<u>Means of dissolution</u>
Global Softpro Consulting Pte Ltd	Singapore	Hardware and software consultancy service	28 March 2002	Struck off
Redefine Holdings Pte Ltd	Singapore	Amusement and recreational activities	4 April 2008	Struck off

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

Mr. Lim has not held any directorship in any listed companies in last three years.

**Mr. Gary Chan Ka Leung** (陳嘉樑先生) (“**Mr. Chan**”), aged 44, was appointed as an independent non-executive Director on 23 June 2017. Mr. Chan is a seasoned finance executive and an entrepreneur. He has advised companies across various disciplines and industries including consumer products and services, financial services, food and beverage, logistics, media, renewable energy, recruitment services, and technology. In 2014, he joined CFO (HK) Limited, a company licensed by The CFO Centre Group Limited to provide services of time-shared chief financial officers to client companies in the Greater China region and is currently the Greater China chief executive officer.

Mr. Chan was also the corporate finance director of TNG (Asia) Limited, a financial technology company based in Hong Kong, between April 2015 and February 2017. He has assisted in the company’s successful application of the stored value facility license to the Hong Kong Monetary Authority (“**HKMA**”), with the license being granted in August 2016. During the process, Mr. Chan has overseen the process of fulfilling all the necessary business requirements set out by the HKMA including internal controls and placement of its senior management team.

From August 2009 to August 2013, Mr. Chan was a partner at Creat Capital Company Limited (“**Creat**”), a company that focuses on private equity investments. During his tenure, Mr. Chan reported to the board of directors and was involved in the origination of corporate advisory and corporate finance transactions for Creat.

Mr. Chan started his career with KPMG in Toronto, Canada in 1998 under that firm’s real estate practice. In January 2001, he joined Deloitte Touche Tohmatsu in Hong Kong as an accountant under that firm’s reorganisation services group and his last position held was manager before he moved to Deloitte & Touche Corporate Finance Ltd., a service company of Deloitte Touche Tohmatsu, as manager from June 2005 to March 2007. From March 2007 to February 2009 Mr. Chan assumed the position of an associate in the fixed income, currency and commodities division of Goldman Sachs (Asia) L.L.C. in Hong Kong.

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Chan obtained a bachelor's degree in mathematics from the University of Waterloo in Ontario, Canada in May 1998 and a master's degree in accounting from the same university in October 1998. He obtained his Chartered Accountant designation in Canada in 2000.

Mr. Chan has been appointed as an independent non-executive director of LHN Limited, the shares of which are listed on the catalyst board of the Singapore Exchange (SGX symbol: 41O), since June 2017. Save as disclosed above, Mr. Chan has not been a director of any publicly listed company in the three years immediately preceding the Latest Practicable Date.

Save as disclosed above, to the best of the knowledge, information and belief of our Directors having made all reasonable enquiries, there were no other matters with respect to the appointment of our Directors that need to be brought to the attention of the Shareholders and there was no information relating to our Directors that is required to be disclosed pursuant to Rule 17.50(2) of the GEM Listing Rules as at the Latest Practicable Date.

### SENIOR MANAGEMENT

**Mr. Philip Tan Eng Choon** (“**Mr. Philip Tan**”), aged 69, has over 25 years of experience in sales and marketing of passenger vehicle accessories. He is currently the sales and marketing manager, responsible for sales and marketing of our Group's products and services, as well as accounts servicing of our Group's customers. In 1993, Mr. Philip Tan joined Tomo GC, a company co-founded by Mr. David Siew in 1980, and eventually joined our Group in 1996 when TOMO-CSE was founded by Mr. David Siew and Ms. Lee.

**Mr. Ong Kim Hoi** (王金海先生) (“**Mr. Ong**”), aged 41, has been the business development manager of our Group since December 2011. At TOMO-CSE, Mr. Ong is responsible for product development, evaluation and product testing and quality control of new products before our Group introduces them to the market. He assists the marketing team to study and evaluate our Group's customers' accessories requirement and works on the most suitable products for the vehicles. He works closely with the installation and aftersales team to ensure all new products are properly installed and have proper aftersales' standard operating procedures.

Mr. Ong has over 10 years of experience in the sales, marketing and business development. Prior to joining our Group, between June 2001 and January 2004, Mr. Ong worked for Expeditors Singapore Pte Ltd as the System Support Supervisor; and between April 2004 and April 2006 as a technical specialist at Brother International Singapore Pte Ltd. In April 2006, Mr. Ong joined GRID Communications Pte Ltd, a subsidiary of SingTel Group, as Account Manager, Corporate Sales; in April 2009, he joined Nextan Pte Ltd as a business development manager; and in April 2010, he joined Asia GIS Pte. Ltd. as the Sales & Marketing Manager, responsible for business and accounts development.

Mr. Ong obtained a diploma in Information Technologies from the Temasek Polytechnic in Singapore in December 1998.

**Mr. Alan Hoh Chan Ming** (何贊明先生) (“**Mr. Hoh**”), aged 30, joined our Group in December 2016 as Group Financial Controller and is responsible for financial planning & control, accounting operations and internal control systems of our Group. Prior to joining our Group, Mr. Hoh was the

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Group Finance Manager at Sincap Group Limited, a company listed on the Singapore Stock Exchange (SGX:5UN), engaged in the mineral trading and logistic management, where he supervised the accounting operations in Singapore and Indonesia.

Mr. Hoh started his career in July 2007 as an Account Assistant at Traders Hotel Kuala Lumpur, Malaysia. Between January 2011 and November 2015, Mr. Hoh was an auditor at Baker Tilly TFW, Singapore (“**Baker**”), was gradually promoted from Associate, Senior Associate and to Senior in the Assurance Department, where he serviced clients in the hotel, manufacturing of customer/industrial products, construction, media & entertainment, information technologies, and services sectors on auditing and accountancy procedures. At Baker, Mr. Hoh was a team member who worked on a successful IPO on the Singapore Stock Exchange. Between November 2015 and October 2016, Mr. Hoh was the Group Finance Manager at Sinopipe Holdings Limited, a company listed on the Singapore Stock Exchange (SGX:X06), engaged in the production and sales of plastic pipes and fittings, where he served the managing role on monthly consolidation, audit, corporate communications and compliance matters.

Mr. Hoh is a member of the Institute of Singapore Chartered Accountants and a member of the Association of Chartered Certified Accountants.

### COMPANY SECRETARY

**Mr. Man Yun Wah** (文潤華先生) (“**Mr. Man**”), aged 34, was appointed as our company secretary on 1 February 2017.

He has been appointed as a director of RHT Corporate Advisory (HK) Limited, a company which provides company secretarial services, since August 2013. His major responsibility is to assist listed companies in professional company secretarial work. Before joining RHT Corporate Advisory (HK) Limited, he worked in Dominic K.F. Chan & Co. from August 2008 to July 2015 where he was responsible for handling company secretarial matters.

Mr. Man is an associate member of The Hong Kong Institute of Chartered Secretaries. He graduated from the University of Huddersfield in England with Bachelor’s of Arts degree in business administration and management in March 2010. He also received a degree of Master of Corporate Governance from the Open University of Hong Kong in November 2014.

Mr. Man has not been a director of any publicly listed company in the three years immediately preceding the Latest Practicable Date.

### COMPLIANCE OFFICER

Ms. Lee serves as the compliance officer of our Company for the purpose of the GEM Listing Rules.

### REMUNERATION POLICY

The aggregate amounts of remuneration of our Directors for the years ended 31 December 2015 and 2016 were S\$591,000 and S\$615,000 respectively. Details of the arrangement for remuneration are set out in note 10 to the Accountant’s Report in Appendix I to this prospectus. Under such arrangement and pursuant to our Directors’ service contracts and letters of appointment referred to in the paragraph

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

headed “Further Information about Directors, Management and Staff — 9. Directors — (a) Particulars of service contracts and letters of appointment” in Appendix IV to this prospectus, the aggregate amount of Directors’ fee and other emoluments payable to our Directors (excluding any discretionary bonuses) for the year ending 31 December 2017 is estimated to be approximately S\$724,600.

Our Group’s principal policies concerning remuneration of Directors or staff of high calibre are determined based on the relevant Director’s or staff’s duties, responsibilities, experience and skills. Our Directors and senior management receive compensation in the form of salaries, benefits in kind and/or discretionary bonuses relating to the performance of our Group. Our Company also reimburses them for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to our operations. Our Company regularly reviews and determines the remuneration and compensation packages of our Directors and senior management. Our Company regularly provides discretionary bonuses to our senior management and key employees as incentive.

Our Company has conditionally adopted the Share Option Scheme on 23 June 2017 to enable our Group to grant options to selected participants as incentives or rewards for their contribution to our Group. Please see the paragraph headed “Further Information about Directors, Management and Staff — 14. Share Option Scheme” in Appendix IV to this prospectus for further details of the Share Option Scheme.

After Listing, our remuneration committee will review and determine the remuneration and compensation packages of our Directors and senior management with reference to salaries paid by comparable companies, time commitment and responsibilities of our Directors and performance of our Group. During the Track Record Period, no remuneration was paid by our Company to, or received by, our Directors as an inducement to join or upon joining our Company.

### EMPLOYEES

We recognise the importance of having a good relationship with our employees. The remuneration payable to the employees include salaries, allowances incentives and bonuses.

We have not experienced any significant problems with the recruitment and retention of experienced employees. In addition, we have not suffered from any material disruption of our normal business operations as a result of labour disputes or strikes.

### BOARD COMMITTEES

The audit committee, remuneration committee, nomination committee and corporate governance committee of our Company were approved to be established by resolutions passed by our Board on 23 June 2017. Each of the four committees has written terms of reference. The functions of the four committees are summarised as follows:

#### Audit Committee

Our Company established an audit committee by a resolution of our Board passed on 23 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the Corporate Governance Code and Corporate Governance Report (“CG Code”) as set out in Appendix 15 to the GEM Listing Rules. The audit committee comprises of three independent non-executive Directors:

---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

Mr. Gary Chan Ka Leung, Mr. Clarence Tan Kum Wah and Mr. Lim Cher Hong. Mr. Chan was appointed to serve as the chairman of our audit committee. The primary duties of our audit committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of our Company.

### **Nomination Committee**

Our Company established a nomination committee by a resolution of our Board passed on 23 June 2017. The nomination committee comprises of an executive Director: Mr. Richard Siew and two independent non-executive Directors: Mr. Clarence Tan Kum Wah and Mr. Gary Chan Ka Leung. Mr. Tan was appointed as the chairman of our nomination committee. Our nomination committee has written terms of reference in compliance with the CG Code. The primary functions of our nomination committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement our Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of our independent non-executive Directors; and make recommendations to the Board on the appointment or reappointment of Directors and succession planning of Directors, in particular that of our chairman and the chief executive officer.

### **Remuneration Committee**

Our Company established a remuneration committee by a resolution of our Board passed on 23 June 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. The remuneration committee comprises of two executive Directors: Mr. David Siew and Ms. Lee, and one independent non-executive Director: Mr. Lim Cher Hong. Mr. Lim was appointed as the chairman of our remuneration committee. The primary functions of our remuneration committee are to make recommendations to the Board on the overall remuneration policy and the structure relating to all Directors and senior management of our Group, review performance-based remuneration and ensure none of our Directors determine their own remuneration.

### **Corporate Governance Committee**

Our Company established a corporate governance committee by a resolution of our Board passed on 23 June 2017 with written terms of reference written terms of reference in compliance with the CG Code. The corporate governance committee comprises of three executive Directors: Mr. David Siew, Ms. Lee and Mr. Richard Siew. Ms. Lee was appointed as the chairlady of the corporate governance committee. The primary functions of our corporate governance committee are to keep the effectiveness of the corporate governance and system of internal controls of our Group. Our corporate governance committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in our Group.



---

## DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

---

### COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

Our Company has complied with the code provisions of the CG Code as set out in Appendix 15 of the GEM Listing Rules with the exception of code provision A.2.1, which requires the roles of chairman and chief executive be held by different individuals.

Under code provision A.2.1 of the Corporate Governance Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. Mr. David Siew currently holds both positions. Throughout our business history, Mr. David Siew, as a co-founder and Controlling Shareholder of our Group, has held the key leadership position of our Group and has been deeply involved in the formulation of corporate strategies and management of the business and operations of our Group. Taking into account the consistent leadership within our Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, our Directors, including our independent non-executive Directors, consider that Mr. David Siew is the best candidate for both positions and the present arrangements are beneficial and in the interests of our Group and our Shareholders as a whole.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “comply or explain” principle in our corporate governance report which will be included in our annual reports upon the Listing.

### COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, we have appointed Fortune Financial Capital Limited as the compliance adviser (the “**Compliance Adviser**”). The Compliance Adviser will provide us with guidance and advice as to compliance with the requirements under the GEM Listing Rules. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Compliance Adviser will advise us in the following circumstances:

- (i) before the publication of any regulatory announcement, circular, or financial report;
- (ii) where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;
- (iii) where we propose to use the proceeds of the Share Offer in a manner different from that detailed in this prospectus or where the business activities, development or results of our Group deviate from any forecast, estimate or other information in this prospectus; and
- (iv) where the Stock Exchange makes an inquiry to our Company in accordance with Rule 17.11 of the GEM Listing Rules.

The term of appointment of the Compliance Adviser shall commence on the Listing Date and is expected to end on the date on which we comply with Rule 18.03 of the GEM Listing Rules in respect of our financial results for the second full financial year commencing after the Listing Date.



---

## SUBSTANTIAL SHAREHOLDERS

---

### SUBSTANTIAL SHAREHOLDERS

Immediately following completion of the Share Offer and the Capitalisation Issue (without taking into account of the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), based on the information available on the Latest Practicable Date, the following persons/entities will have an interest or a short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of our Group:

Name	Capacity/Nature of interest	Number of Shares held after the Share Offer <sup>Note 1</sup>	Percentage of shareholding after the Share Offer
Ms. Lee	Interest in controlled corporation <sup>Note 2</sup>	337,500,000 Shares (L)	75%
Mr. David Siew	Interest in controlled corporation <sup>Note 2</sup>	337,500,000 Shares (L)	75%
TOMO Ventures	Beneficial owner	337,500,000 Shares (L)	75%

*Notes:*

- (1) The Letter “L” denotes the person’s long position in the relevant Shares.
- (2) The entire issued share capital of TOMO Ventures is legally and beneficially owned as to 51% by Ms. Lee and as to 49% by Mr. David Siew. Accordingly, Ms. Lee and Mr. David Siew are deemed to be interested in 337,500,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee and Mr. David Siew are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

Save as disclosed above, our Directors are not aware of any person who will, immediately following the Share Offer and the Capitalisation Issue (without taking into account the Shares which may be allotted and issued pursuant to the exercise of options that may be granted under the Share Option Scheme), have an interest or short position in the Shares or underlying Shares which would be required to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

---

## SUBSTANTIAL SHAREHOLDERS

---

### UNDERTAKINGS

Each of the Controlling Shareholders has given certain undertakings in respect of the Shares held by them to our Company, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters, details of which are set out under the section headed “Underwriting — Undertakings by our Controlling Shareholders” of this prospectus. The Controlling Shareholders have also given undertakings in respect of the Shares to our Company and the Stock Exchange as required by Rules 13.16A(1) and 13.19 of the GEM Listing Rules.

---

## SHARE CAPITAL

---

The authorised and issued share capital of our Company before and following the completion of the Capitalisation Issue and Share Offer is as follows:

	HK\$
<i>Authorised share capital:</i>	
<u>10,000,000,000</u> Shares	<u>100,000,000</u>
<i>Shares in issue or to be issued, fully paid or credited as fully paid:</i>	
100 Shares in issue	1
337,499,900 Shares to be issued pursuant to Capitalisation Issue	3,374,999
<u>112,500,000</u> New Shares to be issued pursuant to the Share Offer	<u>1,125,000</u>
<u>450,000,000</u> Total	<u>4,500,000</u>

### ASSUMPTIONS

The above table assumes that the Share Offer and the Capitalisation Issue become unconditional and the issue of Shares pursuant thereto are made as described herein. It 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 us pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described below.

### MINIMUM PUBLIC FLOAT

Pursuant to Rule 11.23(7) of the GEM Listing Rules, at the time of the Listing and at all times thereafter, our Company must maintain the “minimum prescribed percentage” of 25% of the issued share capital of our Company in the hands of the public (as defined in the GEM Listing Rules).

### RANKING

The Offer Shares will be ordinary shares in the share capital of our Company and will rank *pari passu* in all respects with all Shares in issue or to be issued as mentioned in this prospectus and, in particular, will rank in full for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus save for the entitlement under the Capitalisation Issue.

### CIRCUMSTANCES WHERE MEETING OF OUR COMPANY ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles, details of which is set out in paragraph headed “2. Articles of Association — (e) Meetings of members — (iv) Notices of meetings and business to be conducted” in Appendix III to this prospectus.

---

## SHARE CAPITAL

---

### SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. The principal terms of the Share Option Scheme are summarised in the paragraph headed “Statutory and General Information — Further information about our company and its subsidiaries — 14. Share Option Scheme” in Appendix IV to this prospectus.

### GENERAL MANDATE TO ISSUE SHARES

Conditional on the conditions as stated in the section headed “Structure and Conditions of the Share Offer” being fulfilled, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares and to make or grant offers, agreements or options which might require such Shares to be allotted and issued or dealt with subject to the requirement that the aggregate nominal value of the Shares so allotted and issued or agreed conditionally or unconditionally to be allotted and issued (otherwise than pursuant to a rights issue, or scrip dividend scheme or similar arrangements, or a specific authority granted by the Shareholders) shall not exceed:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following the completion of the Share Offer and the Capitalisation Issue; and
- (b) the aggregate nominal value of the share capital of our Company repurchased pursuant to the authority granted to our Directors as referred to in the paragraph headed “General Mandate to Repurchase Shares” below.

This mandate does not cover Shares to be allotted, issued, or dealt with under a rights issue or upon the exercise of any options which may be granted under the Share Option Scheme. This general mandate to issue Shares will remain in effect until:

- (a) the conclusion of our Company’s next annual general meeting;
- (b) the expiration of the period within which our Company’s next annual general meeting is required to be held by any applicable laws of the Cayman Islands or the Articles; or
- (c) it is varied or revoked by an ordinary resolution of the Shareholders in general meeting, whichever is the earliest.

For further details of this general mandate, please refer to the paragraph headed “Statutory and General Information — Further information about our Company and its subsidiaries — 3. Resolutions in writing of the sole Shareholder passed on 23 June 2017” in Appendix IV to this prospectus.

### GENERAL MANDATE TO REPURCHASE SHARES

Subject to the conditions set forth in the section headed “Structure and Conditions of the Share Offer” in this prospectus being fulfilled, our Directors have been granted a general mandate to exercise all the powers of our Company to purchase on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock

---

## SHARE CAPITAL

---

Exchange for this purpose, such number of Shares as will represent up to 10% of the aggregate nominal value of the Shares in issue immediately following completion of the Share Offer and the Capitalisation Issue.

This mandate only relates to repurchases made on GEM, or on any other stock exchange on which the Shares are listed and which is recognised by the SFC and the Stock Exchange for this purpose, and such repurchases are made in accordance with all applicable laws and the requirements of the GEM Listing Rules. A summary of the relevant GEM Listing Rules is set out in the paragraph headed “Statutory and General Information — Further information about our Company and its subsidiaries — 6. Repurchase by our Company of its own securities” in Appendix IV to this prospectus.

The general mandates to issue and repurchase Shares will remain in effect until the earliest of:

- (a) the conclusion of the next annual general meeting of our Company;
- (b) the expiration of the period within which the next annual general meeting of our Company is required the Articles or any other applicable laws of the Cayman Islands to be held; or
- (c) the time when such mandate is revoked or varied by an ordinary resolution of the Shareholders in general meeting.

For further details of this general mandate, please refer to the paragraph headed “Statutory and General Information — Further information about our Company and its subsidiaries — 6. Repurchase by our Company of its own securities” in Appendix IV to this prospectus.

---

## FINANCIAL INFORMATION

---

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

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

### OVERVIEW

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 prospectus 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

---

## FINANCIAL INFORMATION

---

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.

---

## FINANCIAL INFORMATION

---

### **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 prospectus.

### **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 prospectus. 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 prospectus.

#### **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.



---

## FINANCIAL INFORMATION

---

### *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 prospectus, and should be read in conjunction with the Accountant's Report set forth in Appendix I to this prospectus.

	<u>Year ended 31 December</u>	
	<u>2015</u>	<u>2016</u>
	S\$	S\$
<b>Revenue</b>	11,470,263	13,081,710
Cost of sales	<u>(6,864,307)</u>	<u>(7,831,869)</u>
<b>Gross profit</b>	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	<u>(3,124)</u>	<u>(2,883)</u>
<b>Profit before income tax</b>	3,336,422	3,645,086
Income tax expense	<u>(524,086)</u>	<u>(629,000)</u>
<b>Profit and total comprehensive income for the year attributable to equity holders of the Company</b>	<u><u>2,812,336</u></u>	<u><u>3,016,086</u></u>

## FINANCIAL INFORMATION

### 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\$	%
<b>Leather upholstery business</b>	3,566,542	31.1	4,482,232	34.3
<b>Electronic accessories business</b>				
— 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
<b>Total</b>	<u>11,470,263</u>	<u>100.0</u>	<u>13,081,710</u>	<u>100.0</u>

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

Note:

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

## FINANCIAL INFORMATION

### 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	
	S\$	Navigation and multimedia	Safety and security	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
<b>Total</b>	<b><u>2,477,792</u></b>	<b><u>2,393,645</u></b>	<b><u>1,992,870</u></b>	<b><u>6,864,307</u></b>	<b><u>100.0</u></b>
	Year ended 31 December 2016				
	Leather upholstery business	Electronic accessories business		Total	
	S\$	Navigation and multimedia	Safety and security	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
<b>Total</b>	<b><u>3,151,114</u></b>	<b><u>2,486,534</u></b>	<b><u>2,194,221</u></b>	<b><u>7,831,869</u></b>	<b><u>100.0</u></b>

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.

---

## FINANCIAL INFORMATION

---

### 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.

	<b>Impact on gross profit for the year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	S\$	S\$
<b>Cost of materials</b>		
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.

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

## FINANCIAL INFORMATION

### Gross profit and gross profit margin

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

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

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\$	%
<b>Other income</b>				
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	<u>111</u>	<u>0.2</u>	<u>—</u>	<u>—</u>
<b>Total</b>	<u><u>58,964</u></u>	<u><u>100.0</u></u>	<u><u>60,516</u></u>	<u><u>100.0</u></u>

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.

## FINANCIAL INFORMATION

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:

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

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

---

## FINANCIAL INFORMATION

---

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\$	%
<b>Selling and distribution expenses</b>				
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
<b>Total</b>	<b>391,346</b>	<b>100.0</b>	<b>426,557</b>	<b>100.0</b>

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 Share Offer, 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 Use of Proceeds — Implementation plans".

## FINANCIAL INFORMATION

### 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\$	%
<b>Administrative expenses</b>				
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	—	—
Listing expenses	—	—	292,567	25.3
Others	136,443	16.2	154,554	13.4
<b>Total</b>	<u>840,452</u>	<u>100.0</u>	<u>1,154,938</u>	<u>100.0</u>

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, listing expenses 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\$
<b>Finance cost — net</b>		
Interest (expenses)/income		
— Finance leases	(3,232)	(2,992)
— Bank deposits	108	109
<b>Total</b>	<u>(3,124)</u>	<u>(2,883)</u>

### 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.



## FINANCIAL INFORMATION

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)
<b>Total</b>	<b>(524,086)</b>	<b>(629,000)</b>

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)
<b>Income tax expense</b>	<b>524,086</b>	<b>629,000</b>

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.

---

## FINANCIAL INFORMATION

---

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.

---

## FINANCIAL INFORMATION

---

### *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 listing expenses 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 listing expenses 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:

	<u>Year ended 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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

---

## FINANCIAL INFORMATION

---

### **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.

## FINANCIAL INFORMATION

*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:

	<u>As at 31 December</u>		<u>As at</u> <u>30 April</u>
	<u>2015</u>	<u>2016</u>	<u>2017</u>
	S\$	S\$	S\$ (Unaudited)
<b>CURRENT ASSETS</b>			
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	<u>108,008</u>	<u>108,117</u>	<u>108,144</u>
<b>Total current assets</b>	<u>7,606,379</u>	<u>8,858,712</u>	<u>9,416,196</u>
<b>CURRENT LIABILITIES</b>			
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	<u>57,398</u>	<u>—</u>	<u>—</u>
<b>Total current liabilities</b>	<u>1,360,562</u>	<u>1,605,188</u>	<u>2,895,432</u>
<b>NET CURRENT ASSETS</b>	<u><u>6,245,817</u></u>	<u><u>7,253,524</u></u>	<u><u>6,520,764</u></u>

---

## FINANCIAL INFORMATION

---

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 Listing expenses 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 listing expenses 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 Share Offer, we have sufficient funds to meet the working capital and financial requirements for at least the next 12 months from the date of this 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.

---

## FINANCIAL INFORMATION

---

### Trade and other receivables

	As at 31 December	
	2015	2016
	S\$	S\$
Trade receivables	1,825,768	2,375,558
Prepayment of listing expenses	—	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

---

## FINANCIAL INFORMATION

---

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.



---

## FINANCIAL INFORMATION

---

### 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 listing expenses	—	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.

## FINANCIAL INFORMATION

### *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 Listing.

Save as disclosed in the sub-sections below entitled "Finance leases liabilities" and "Contingent liabilities" under the section "Financial Information — Indebtedness" of this prospectus, we did not have, as at 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.

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

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.

## FINANCIAL INFORMATION

### 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 <sup>(1)</sup>	5.6x	5.5x
Quick ratio <sup>(2)</sup>	4.8x	5.1x
Gearing ratio <sup>(3)</sup>	0.01x	—
Net debt to equity ratio <sup>(4)</sup>	Net cash	Net cash
Interest coverage <sup>(5)</sup>	1,033.3x	1,219.2x
Return on total assets <sup>(6)</sup>	32.4%	30.3%
Return on equity <sup>(7)</sup>	38.4%	36.2%
Net profit margin <sup>(8)</sup>	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.

---

## FINANCIAL INFORMATION

---

- (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 listing expenses which reduced our net profits for the year ended 31 December 2016.

---

## FINANCIAL INFORMATION

---

### *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 listing expenses 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 listing expenses 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.

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

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 Use of Proceeds" section in this prospectus. We expect our capital expenditure will be funded by both our internally generated financial resources and listing proceeds.

---

## FINANCIAL INFORMATION

---

### 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 prospectus. We will have sufficient foreign exchange to meet our foreign exchange liabilities as they become due, which will be funded by our cash generated from operating activities.

### OFF-BALANCE SHEET ARRANGEMENTS

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

### LISTING EXPENSES

Our estimated expenses in relation to the Listing primarily consist of legal and professional fees in relation to the Listing, the commissions together with SFC transaction levy and Stock Exchange trading fee. Assuming the Offer Price of HK\$0.73 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus, estimated listing expenses in connection with the Share Offer are approximately 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 Share Offer under the relevant accounting standards.

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

---

## FINANCIAL INFORMATION

---

### **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 prospectus.

### **DISCLOSURE REQUIRED UNDER THE GEM LISTING RULES**

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

## FINANCIAL INFORMATION

### UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2016 as if the Share Offer 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 Share Offer. 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 prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted net tangible assets does not form part of the Accountant's Report.

	<b>Audited combined net tangible assets of the Group attributable to owners of the Company as at 31 December 2016</b>	<b>Estimated net proceeds from the Share Offer</b>	<b>Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 31 December 2016</b>	<b>Unaudited pro forma adjusted net tangible assets per Share</b>	
	(Note 1)	(Note 2)		(Note 3)	(Note 4)
	S\$	S\$	S\$	S\$	HK\$
Based on an Offer Price of HK\$0.66 per Share	<u>8,335,013</u>	<u>9,655,880</u>	<u>17,990,893</u>	<u>0.04</u>	<u>0.22</u>
Based on an Offer Price of HK\$0.80 per Share	<u>8,335,013</u>	<u>12,433,607</u>	<u>20,768,620</u>	<u>0.05</u>	<u>0.25</u>

*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 prospectus, 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 Share Offer are based on the indicative Offer Price of HK\$0.66 and HK\$0.80 per Offer Share, being the lower end to higher end of the Offer Price range respectively, after the deduction of the underwriting fees and other listing related expenses (excluding listing expenses 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 prospectus.
- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 450,000,000 Shares were in issue assuming that the Share Offer and Capitalisation Issue 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 prospectus.



---

## FINANCIAL INFORMATION

---

- (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 prospectus. 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 Offer Price of HK\$0.66 per Share) and approximately HK\$0.22 (assuming an Offer Price of HK\$0.80 per Share), respectively.

### **NO MATERIAL ADVERSE CHANGE**

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

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### BUSINESS OBJECTIVES AND STRATEGIES

Our primary business objectives are to strengthen our market position as a leading passenger vehicle interior modification service provider in Singapore, grow our existing business, enhance our product offerings, expand our customer base and achieve sustainable growth. Please refer to the section entitled “Business — Our Business Strategies” of this prospectus for details.

### USE OF PROCEEDS

We estimate that the aggregate net proceeds of the Share Offer (after deducting underwriting fees and estimated expenses payable by us in connection with the Share Offer) based on the Offer Price of HK\$0.73 per Offer Share (being the mid-point of the indicative Offer Price range) will be approximately HK\$59.1 million (equivalent to approximately S\$10.7 million). We intend to apply the net proceeds in the following manner:

#### **Upgrade existing facilities and acquire new premises**

We intend to use approximately 50.1% of our total estimated net proceeds from the Share Offer, being approximately HK\$29.6 million (equivalent to approximately S\$5.4 million) to finance the upgrade on existing facilities and acquisition of new premises. Details of our intended use of HK\$29.6 million are as follows:

- Approximately HK\$4.3 million (equivalent to approximately S\$0.8 million) for renovation and redesign of our existing workshop, showroom, and warehouse;
- Approximately HK\$4.3 million (equivalent to approximately S\$0.8 million) for purchasing (i) leather cutting machine and upholstery machinery; and (ii) commercial vehicles to support our mobile teams;
- Approximately HK\$16.5 million (equivalent to approximately S\$3.0 million) for acquiring new premises (i) at a strategic location to serve as showroom and workshop, and (ii) in close proximity to our existing facilities to serve as warehouse; and
- Approximately HK\$4.5 million (equivalent to approximately S\$0.8 million) for renovation of the new premises.

Our Directors expect that such investments in property, plant and equipment will significantly increase our Group’s assets, and our Group’s return on assets may be lower at the initial stage as it would take time for the new premises to accumulate customers. Upon the upgrade of existing facilities and acquisition of new machinery and premises, additional depreciation expenses will be incurred in accordance to the accounting policies adopted by our Group.

#### **Strengthen our sales and marketing efforts**

We intend to use approximately 17.1% of our total estimated net proceeds from the Share Offer, being approximately HK\$10.1 million (equivalent to approximately S\$1.8 million) to finance advertising, branding and marketing activities for expansion of customer base. We intend to increase our advertising efforts through media coverage in magazines, social media and websites and

---

## **FUTURE PLANS AND USE OF PROCEEDS**

---

participating in motor roadshows to facilitate our strategy to expand our market share in the B2C market. We also intend to appoint an external consultant to review and enhance our branding and marketing strategies.

### **Expand our product offerings**

We intend to set aside approximately 13.8% of our total estimated net proceeds from the Share Offer, being approximately HK\$8.2 million (equivalent to approximately S\$1.5 million) to explore new products for our electronic accessories business by sourcing new hardware and software products from our existing suppliers and other active suppliers in the market to expand our product offerings, please refer to section entitled “Business — Our Business Strategies — Expand our product offerings” in this prospectus for more information.

Our Directors consider that there will be an increasing demand in both the Group’s existing and new products and believe that expanding and diversifying the Group’s product variety will strengthen the Group’s competitiveness and its market position in the PV interior modification industry. We also plan to develop strategic alliances with suppliers and product manufacturers. In anticipation of the increasing efforts to further broaden our product offerings, we intend to recruit additional sales and marketing personnel and technicians. Furthermore, we intend to employ additional customer service personnel to handle the after-sales services. We will also focus on training and retaining current and new hires to equip them with the skills and knowledge of the products.

### **Upgrade and integrate of our information technology system**

We intend to use approximately 9.0% of our total estimated net proceeds from the Share Offer, being approximately HK\$5.3 million (equivalent to approximately S\$1.0 million) to finance the upgrade of our current information technology system, such as new ERP system, point of sale system, data storage, electronic documentation, cloud backup storage, upgrade of accounting systems, implement mobile job order and warehouse and inventory tracking management system, to enhance our overall efficiency.

## FUTURE PLANS AND USE OF PROCEEDS

### Working capital and general corporate use

The balance of approximately 10.0% of our total estimative net proceeds from the Share Offer, being approximately HK\$5.9 million (equivalent to approximately S\$1.1 million) will be used as working capital and funding for other general corporate purposes according to our business plans.

For the period from the Latest Practicable Date to 31 December 2019, our net proceeds will be applied as follows:

	From the Latest Practicable Date to 31 December 2017	For the six month period ending 30 June 2018	For the six month period ending 31 December 2018	For the six month period ending 30 June 2019	For the six month period ending 31 December 2019	Total	Approximate % of net proceeds
	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	HK\$ million	
Upgrade existing facilities, acquire new machinery and premises	3.3	18.6	7.7	—	—	29.6	50.1
Strengthen our sales and marketing efforts	1.6	2.0	2.5	2.0	2.0	10.1	17.1
Expand our product offerings	1.8	1.6	1.6	1.6	1.6	8.2	13.8
Upgrade and integrate of our information technology system	1.0	1.0	2.0	1.3	—	5.3	9.0
Working capital and general corporate use	3.0	2.9	—	—	—	5.9	10.0
<b>Total</b>	<b>10.7</b>	<b>26.1</b>	<b>13.8</b>	<b>4.9</b>	<b>3.6</b>	<b>59.1</b>	<b>100.0</b>

If the Offer Price is set at the high-end of the indicative Offer Price at HK\$0.80 per Offer Share, the net proceeds from the Share Offer will increase to approximately HK\$66.8 million. If the Offer Price is set at the low-end of the indicative Offer Price at HK\$0.66 per Offer Share, the net proceeds from the Share Offer will decrease to approximately HK\$51.5 million. To the extent that our net proceeds are either more or less than expected, for instance, in the event that the Offer Price is set at the high-end of the indicative Offer Price range or the Offer Price is set at the low-end of the indicative Offer Price range, we will adjust our allocation of the net proceeds for the above purposes on a pro rata basis.

The possible use of proceeds outlined above may change in light of our evolving business needs and conditions, management requirements together with prevailing market circumstances. In the event of any material modification to the use of proceeds as described above, we will issue an announcement and make disclosure in our annual report for the relevant year as required by the Stock Exchange.

According to the current estimates, our Group expects that the net proceeds from the issue of new Shares under the Share Offer in the sum of approximately HK\$59.1 million will be sufficient to finance the implementation of our Group's current future plans up to 31 December 2019. In the event that the net proceeds from the Share Offer are insufficient to finance the expenditure as mentioned above, the shortfall will be financed by the internal resources and/or bank borrowings of our Group. To the extent that the net proceeds from the Share Offer are not immediately applied to the above purposes, we intend to deposit the proceeds into short-term interest-bearing deposits with authorised financial institutions.

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### **Bases and key assumptions of the business plans**

The business objectives and strategies set out by our Directors are based on the following bases and assumptions:

- Our Group will have sufficient financial resources to meet the planned capital and operating expenditure and business development requirements during the period to which the business objectives relate;
- There will be no material change in existing laws and regulations, or other government policies relating to our Group, or in the political, economic or market conditions in which our Group operates;
- There will be no change in the funding requirement for each of the implementation plans described under the paragraph headed “Implementation plans” in this section from the amount as estimated by our Directors;
- There will be no material changes in the bases or rates of taxation applicable to the activities of our Group;
- There will be no disasters, natural, political, legal or otherwise, which would materially disrupt the business or operations of our Group;
- Our Group will not be materially affected by the risk factors as set out under the section headed “Risk factors” in this prospectus;
- Our Group will be able to retain key staff in the management and the main operational departments; and
- Our Group will be able to continue our operations in substantially the same manner as our Group had been operated during the Track Record Period and our Group will also be able to carry out our development plans without disruptions adversely affecting our operations or business objectives in any way.

### **IMPLEMENTATION PLANS**

In order to implement the business objectives and strategies described above, the implementation plans of our Group are set forth below for each of the six-month periods commencing from the Latest Practicable Date until 31 December 2019. Investors should note that the following implementation plans are formulated on the bases and assumptions set out in the paragraph headed “Bases and assumptions” in this section. These bases and assumptions are inherently subject to many uncertainties and unpredictable factors, in particular the risk factors set out in section entitled “Risk Factors” of this prospectus.

## FUTURE PLANS AND USE OF PROCEEDS

### For the period from the Latest Practicable Date to 31 December 2017

Business strategies	Implementation plans	Use of proceeds
Upgrade existing facilities, acquire new machinery and premises	● Acquire new tools and leather cutting machine	● HK\$1.6 million
	● Fit out heavy duty shelving in storage area of existing premises for PV electronic accessories and leather upholstery	● HK\$1.7 million
Strengthen our sales and marketing efforts	● (i) Engage a branding consultant to redefine our branding identity for B2C market and advertising our PV leather upholstery and electronic accessories to appeal to corporate and retail customers; and (ii) Visit, make presentation to, and develop relationships with existing and potential customers	● HK\$1.6 million
Expand our product offerings	● (i) Conduct market and design search on market trend of new PV leather upholstery and electronic accessories; and (ii) Recruit and train additional sales and marketing personnel, technicians and customer service personnel	● HK\$1.8 million
Upgrade and integrate of our information technology system	● Upgrade existing servers and implement a new ERP system, electronic documentation and cloud back up storage	● HK\$1.0 million

### For the six months ending 30 June 2018

Business strategies	Implementation plans	Use of proceeds
Upgrade existing facilities, acquire new machinery and premises	● Acquire and renovate new premises to use as a showroom and workshop for PV leather upholstery and electronic accessories	● HK\$13.3 million
	● Buy new machinery such as sewing machine, lockstitch machine, pattern stitcher, skiving machine and embroidery machine; and commercial vehicles	● HK\$2.8 million
	● Upgrade existing PV leather upholstery work bay, renovate showroom and replace dated office furniture, upgrading safety and security features and electrical wiring of work area	● HK\$2.5 million
Strengthen our sales and marketing efforts	● Place advertisements in magazines, social media, websites and participate in motor roadshows to increase awareness of our brand and showcase our products	● HK\$2.0 million
Expand our product offerings	● (i) Source new products and create more interactive demonstration displays for presentation to existing and potential customers; and (ii) Recruit and train additional sales and marketing personnel, technicians and customer service personnel	● HK\$1.6 million
Upgrade and integrate of information technology system	● Migrate accounting record to new ERP system and implement automated payroll system, point of sale system and fixed assets management system	● HK\$1.0 million

## FUTURE PLANS AND USE OF PROCEEDS

### For the six months ending 31 December 2018

Business strategies	Implementation plans	Use of proceeds
Upgrade existing facilities, acquire new machinery and premises	<ul style="list-style-type: none"> <li>(i) Acquire and renovate the new premises to use as a warehouse; and (ii) Implement logistics management to maximise effective use of space, equipment and labour</li> </ul>	● HK\$7.7 million
Strengthen our sales and marketing efforts	<ul style="list-style-type: none"> <li>Enhance and improve our website content with more product information through digital search and social media and printing of brochures for our retail customers</li> </ul>	● HK\$2.5 million
Expand our product offerings	<ul style="list-style-type: none"> <li>(i) Continue to source new products and create more interactive demonstration displays for presentation to existing and potential customers; and (ii) Focus on retaining and training current and new hires to equip them with skills and knowledge of the products</li> </ul>	● HK\$1.6 million
Upgrade and integrate of information technology system	<ul style="list-style-type: none"> <li>Implement mobile job order system and warehouse and inventory tracking system</li> </ul>	● HK\$2.0 million

### For the six months ending 30 June 2019

Business strategies	Implementation plans	Use of proceeds
Strengthen our sales and marketing efforts	<ul style="list-style-type: none"> <li>(i) Implement online platform to provide direct sales to retail customers; and (ii) Increase advertising expenditure and organise live demonstrations of our passenger vehicle electronic accessories in our showroom and continue to participate in motor roadshows</li> </ul>	● HK\$2.0 million
Expand our product offerings	<ul style="list-style-type: none"> <li>(i) Continue to source new products and create more interactive demonstration displays for presentation to existing and potential customers; and (ii) Focus on retaining and training current and new hires to equip them with skills and knowledge of the products</li> </ul>	● HK\$1.6 million
Upgrade and integrate of information technology system	<ul style="list-style-type: none"> <li>Maintenance of information technology systems and addition of equipment at headquarters and vehicle preparation centres and/or mobile van fleet</li> </ul>	● HK\$1.3 million

### For the six months ending 31 December 2019

Business strategies	Implementation plans	Use of proceeds
Strengthen our sales and marketing efforts	<ul style="list-style-type: none"> <li>(i) Continue to maintain on-line platform to reach out to more retail customers; and (ii) continue to advertise and participate in marketing events as well as activities held by PV distributors and dealers</li> </ul>	● HK\$2.0 million
Expand our product offerings	<ul style="list-style-type: none"> <li>(i) Continue to source new products and create more interactive demonstration displays for presentation to existing and potential customers; and (ii) Focus on retaining and training current and new hires to equip them with skills and knowledge of the products</li> </ul>	● HK\$1.6 million

---

## FUTURE PLANS AND USE OF PROCEEDS

---

### REASONS FOR LISTING IN HONG KONG

Our Directors believe that the Listing will facilitate the implementation of our business strategies as set out in “Business — Our Business Strategies”. The net proceeds from the Listing will provide financial resources to our Group to achieve such business strategies which will further strengthen our market position as a leading PV leather upholstery and electronic accessories provider in Singapore and expand our market share.

Our Company is applying for listing in Hong Kong because it has a high level of internationalisation, maturity in the global financial market, with sufficient institutional capital and funds following the companies listed in Hong Kong. Our Group’s business is based in Singapore and we had considered the Singapore securities market in terms of raising funds there prior to commencing the Listing. Our Directors are of the view that the appetite for initial public offerings in Singapore in recent years has been relatively scarce and the aftermarket trading and/or secondary fundraising is thin. Given the more diversified types of businesses listing, the strong ability of fundraising and the wide range of investor base in the Hong Kong stock market, the Hong Kong Listing was contemplated. Therefore, our Company believes that listed companies in Hong Kong generally have a high liquidity, greater exposure to a broad research coverage and investment community, which would facilitate our future fund raising should such need arise.

During the Track Record Period, cost of materials and staff costs, including direct labour, staff salaries and directors’ remuneration, were the most significant costs in our operations. Our current financial resources primarily comprise cash generated from operations and banking facilities. For the years ended 31 December 2015 and 2016, we generated revenue of approximately S\$11.5 million and S\$13.1 million, respectively, and of which approximate 61.2% and 62.5%, respectively, were committed to meet the obligations incurred on cost of materials and staff costs in our existing operations. As at 30 April 2017, our Group has approximately S\$4.2 million of general working capital on hand and unutilised banking facilities of approximately S\$1.4 million, which is in total equivalent to approximately HK\$30.8 million. Such amount is insufficient to finance our Group’s expansion plans and future growth. The capital expenditure requirement for our Group’s implementation plans is expected to amount to approximately HK\$69.8 million of which approximately HK\$53.3 million or approximately 76.4% is expected to be financed by the net proceeds from the Share Offer. In addition, although the principal reason is to raise funds through the Share Offer, a listing would provide ancillary benefits to our Group as set out below. Our Company had contemplated all viable options for fund raising including bank borrowings prior to proceeding with the Listing. However, bank borrowings entail borrowing costs, provision of security by our Group and/or personally from the Controlling Shareholders, Mr. David Siew and Ms. Lee. Given that the Controlling Shareholders have personally financed our Group throughout the years to grow our Group’s business, it is prudent to relieve them of future pressure to finance or secure our Group and as such the Listing is considered.

Our Directors believe that the Listing would help to raise our Group’s brand awareness and publicity on an international level, making our Company’s services known to new potential customers. In addition, our Directors also believe that customers may prefer to do business with a listed company given its reputation, listing status, public financial disclosures and general regulatory supervision by relevant regulatory bodies.



---

## FUTURE PLANS AND USE OF PROCEEDS

---

Our Directors further believe that the Listing would:

- provide a platform for our Group to access the capital markets for future secondary fund raising through the issuance of shares and for debt securities, which could involve lower financing cost as opposed to interest-bearing bank loans, and which can also provide funding sources to cater for our Group's further expansion plans (other than those future plans stated in this prospectus) as and when necessary. Furthermore, the ability to obtain bank financing is generally easier and cheaper with a listed entity as compared to a private entity;
- enhance our internal control and corporate governance practices, and increase the transparency in our operations and financial reporting. Our Directors are of the view that the Listing will help advertise our Group to existing and potential customers and suppliers and could also increase our customers' and suppliers' confidence in the quality of our products and services which may in turn attract potential customers;
- strengthen our competitiveness in the market through the Listing. It is expected that the brand recognition of our Group can be broadened through the Listing and our corporate profile will be enhanced, which in turn will help attract more customers. Our Directors believe that having a listing status can enhance our corporate image and credibility with the public and potential business partners, and help our Group develop the B2C market with more media exposure;
- broaden our shareholder base and enhance the liquidity of the Shares, as compared to the limited liquidity of the Shares that are privately held before the Listing;
- enable our Company to offer an equity-based incentive programme (such as a share option scheme) to our employees that correlates more directly to their performance in our Group's business. Our Company would therefore be in a better position to motivate our employees with incentive programmes that are closely aligned with the objective of creating value for our Shareholders; and

Having considered the benefits above, although the amount of the expenses for the Listing represents a significant proportion of the gross proceeds from the Share Offer, our Directors believe that the Listing is beneficial to us in the long run.

---

## UNDERWRITING

---

### JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

Pacific Foundation Securities Limited

Astrum Capital Management Limited

### CO-MANAGER

Ample Orient Capital Limited

### PUBLIC OFFER UNDERWRITERS

Pacific Foundation Securities Limited

Astrum Capital Management Limited

Ample Orient Capital Limited

### UNDERWRITING ARRANGEMENTS AND EXPENSES

#### The Public Offer

#### *Public Offer Underwriting Agreement*

Pursuant to the Public Offer Underwriting Agreement, we are offering the Public Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms at the Offer Price.

Subject to (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, our Shares (including the additional Shares to be issued pursuant to the Capitalisation Issue and the exercise of the options which may be granted under the Share Option Scheme); and (ii) certain other conditions set out in the Public Offer Underwriting Agreement, the Public Offer Underwriters have severally and not jointly agreed to subscribe or procure subscribers for their respective applicable proportions of the Public Offer Shares now being offered which are not taken up under the Public Offer on the terms and conditions of this prospectus, the Application Forms and the Public Offer Underwriting Agreement.

The Public Offer Underwriting Agreement is conditional on and subject to the Placing Underwriting Agreement having been signed and becoming unconditional and not having been terminated in accordance with its terms.

#### *Grounds for termination*

The obligations of the Public Offer Underwriters to subscribe or procure subscribers for the Public Offer Shares are subject to termination if prior to 8:00 a.m. on the Listing Date:

- (A) there shall develop, occur, exist or come into effect:
  - (1) any change or prospective change (whether or not permanent) in the business, earnings, operations, financial position, trading position, or prospects of our Group, or any change in capital stock or long-term debt of our Company or any other member of our Group, which (in any such case) is not set forth or contemplated in this prospectus; or

---

## UNDERWRITING

---

- (2) any change or development involving a prospective change or development, or any event or series of events resulting or representing or may result in any change or development involving a prospective change or deterioration (whether or not permanent) in local, national, regional or international financial, political, military, industrial, economic, legal framework, regulatory, fiscal, currency, credit or market conditions (including, without limitation, conditions in stock and bond markets, money and foreign exchange markets, and inter-bank markets) in or affecting any of Hong Kong, Singapore, the BVI, the Cayman Islands, the United States, the United Kingdom, any member of the EU, the PRC, Taiwan, South Korea, Malaysia or any other jurisdictions where any member of our Group is incorporated or transacts business with (collectively, the “Relevant Jurisdictions”); or
- (3) any deterioration of any pre-existing local, national, regional or international financial, economic, political, military, industrial, fiscal, regulatory, currency, credit or market conditions in or affecting any of the Relevant Jurisdictions; or
- (4) any new law or any change (whether or not forming part of a series of changes) or development involving a prospective change in existing laws or any change or development involving a prospective change in the interpretation or application thereof by any court or governmental authority in or affecting any of the Relevant Jurisdictions; or
- (5) a change or development or event involving a prospective change in taxation or exchange control (or in the implementation of any exchange control) or foreign investment regulations in or affecting any of the Relevant Jurisdictions adversely affecting an investment in shares; or
- (6) any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or crisis involving or affecting any of the Relevant Jurisdictions; or
- (7) any event, act or omission which gives rise to or may give rise to any liability of any of our Company, our executive Directors and our Controlling Shareholders pursuant to the indemnity contained in the Public Offer Underwriting Agreement; or
- (8) the imposition or declaration of (i) any suspension or restriction on dealings in shares or securities generally on the Main Board of the Stock Exchange, the Growth Enterprise Market of the Stock Exchange, or any other major international stock exchange or any minimum or maximum prices for trading having been fixed, or maximum ranges for prices having been required, by any of the said exchanges or by such system or by order of any regulatory or governmental authority, or (ii) any moratorium on commercial banking activities or disruption in commercial banking activities or foreign exchange trading or securities settlement or clearance services in or affecting any of the Relevant Jurisdictions; or
- (9) the imposition of economic, political or other sanctions, in whatever form, directly or indirectly, in or affecting any of the Relevant Jurisdictions; or

---

## UNDERWRITING

---

- (10) any event, or series of events, in the nature of force majeure (including without limitation, any acts of God, acts of government, declaration of a national or international emergency or war, acts or threat of war, calamity, crisis, economic sanction, riot, public disorder, civil commotion, fire, drought, flooding, severe snow or hail storms, explosion, earthquake, hurricanes, tornadoes, volcanic eruption, epidemic (including but not limited to severe acute respiratory syndrome or avian flu), pandemic, outbreak of disease, radiation or chemical contaminations, terrorism, strike or lockout) in or affecting any of the Relevant Jurisdictions; or
- (11) any change or development or event involving a prospective change, or a materialisation of, any of the risks set out in the section headed “Risk Factors” of this prospectus; or
- (12) any change in the system under which the value of the Hong Kong dollars or is linked to that of the United States dollars, or Singapore dollars or a material devaluation of Hong Kong dollars or Singapore dollars against any foreign currency; or
- (13) any demand by any creditor for repayment or payment of any indebtedness of any member of our Group or in respect of which any member of our Group is liable prior to its stated maturity; or
- (14) save as disclosed in this prospectus, a contravention by any member of our Group of the GEM Listing Rules or applicable laws; or
- (15) a prohibition of our Company for whatever reason from offering, allotting, issuing or selling any of the Shares pursuant to the terms of the Share Offer; or
- (16) non-compliance of any statement or disclosure of this prospectus or Application Forms or any aspect of the Public Offer with the GEM Listing Rules or any other applicable law; or
- (17) other than with the prior approval of the Sole Sponsor and Joint Bookrunners (for themselves and on behalf of the Public Offer Underwriters) (such approval not to be unreasonably withheld or delayed), the issue or requirement to issue by our Company of a supplementary prospectus (or any other documents used in connection with the contemplated subscription and sale of the Offer Shares) pursuant to the Companies (WUMP) Ordinance or the GEM Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or
- (18) an order is made or a petition is presented for the winding-up or liquidation of any member of our Group or any member of our Group makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any member of our Group or a provisional liquidator, receiver or manager is appointed over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurs in respect of any member of our Group; or

---

## UNDERWRITING

---

- (19) any litigation or claim of any third party being instigated against any member of our Group; or
- (20) a Director being charged with an indictable offence or prohibited by operation of law or is otherwise disqualified from being a director or taking part in the management of a company; or
- (21) the chairman, the chief executive officer, the director of finance and administration, the director of sales and marketing, or group financial controller of the Company vacating his or her office; or
- (22) the commencement by any governmental, regulatory, political or judicial body or organisation of any action against a Director or any member of our Group or an announcement by any governmental, regulatory, political or judicial body or organisation that it intends to take any such action; or
- (23) our Company withdraws any of this prospectus or the Application Forms (and/or any other documents used in connection with the contemplated subscription of the Public Offer Shares); or
- (24) any person (other than any of the Public Offer Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus or the Application Forms and/or any other documents used in connection with the contemplated subscription of the Public Offer Shares, or to the issue of any such documents,

which, whether individually or in aggregate, in the sole and absolute opinion of the Sole Sponsor and PFS (for itself and on behalf of the other Public Offer Underwriters):

- (a) has or will or may have a material adverse change, or any development reasonably likely to involve a prospective material adverse change, on the business, financial, trading or other condition or prospects of any member of our Group or our Group taken as a whole and/or to any present or prospective shareholder in its capacity as such; or
- (b) has or will or may have a material adverse change, or any development reasonably likely to involve a prospective material adverse change, on the success of the Public Offer, the Placing or the level of Offer Shares being applied for or accepted or the distribution of the Offer Shares; or
- (c) is or will or may make it impracticable, inadvisable, inexpedient or not commercially viable (i) for any part of the Public Offer Underwriting Agreement, the Placing Underwriting Agreement, the Public Offer, the Placing and/or the Share Offer to be performed or implemented as envisaged or (ii) to proceed with or to market the Public Offer, the Placing and/or the Share Offer on the terms and in the manner contemplated in this prospectus; or

---

## UNDERWRITING

---

- (B) any of the Sole Sponsor or any of the Public Offer Underwriters shall become aware of the fact that, or have cause to believe that:
- (1) any of the warranties or undertakings given by our Company, our executive Directors and our Controlling Shareholders under the Public Offer Underwriting Agreement is untrue, inaccurate, misleading or breached in any respect when given or as repeated as determined by the Sole Sponsor and the Joint Bookrunners in their sole and absolute discretion or has been declared or determined by any court or governmental authorities to be illegal, invalid or unenforceable; or
  - (2) any statement contained in this prospectus, the Application Forms, the formal notice or any announcements or documents issued by our Company in respect of the Public Offer, the Placing and/or the Share Offer was or is untrue, incorrect or misleading in any respect, or any matter arises or is discovered which would, if this prospectus, the Application Forms, the formal notice and any announcements or documents issued by our Company in respect of the Public Offer, the Placing and/or the Share Offer were to be issued at that time, constitute an omission therefrom as determined by the Joint Bookrunners in their sole and absolute discretion; or
  - (3) any forecasts, expressions of opinion, intention or expectation expressed in this prospectus, the Application Forms, formal notice and/or any announcements or documents issued by our Company in connection with the Public Offer, the Placing and/or the Share Offer (including any supplement or amendment thereto) are not fair and honest nor based on reasonable assumptions; or
  - (4) there has been a breach on the part of any of our Company, our executive Directors and our Controlling Shareholders of any of the provisions of the Public Offer Underwriting Agreement or the Placing Underwriting Agreement as determined by the Joint Bookrunners in their sole and absolute discretion,

then PFS (for itself and on behalf of the other Public Offer Underwriters) may in its absolute discretion terminate the Public Offer Underwriting Agreement with immediate effect by written notice to our Company.

---

## UNDERWRITING

---

### Undertakings pursuant to the Public Offer Underwriting Agreement

#### *Undertakings by our Company*

Except pursuant to the Capitalisation Issue, the Share Offer and the options that may be granted under the Share Option Scheme, during the period commencing on the date of this prospectus, up to and including the date falling six months after the Listing Date (the “**First Six-Month Period**”), our Company has undertaken to each of the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters not to, and to procure each member of our Group not to, without the prior written consent of the Joint Bookrunners (on behalf of the Public Offer Underwriters) and the Sole Sponsor (such consent not to be unreasonably withheld or delayed) and subject always to the provisions of the GEM Listing Rules:

- (1) offer, allot, issue or sell, or agree to allot, issue or sell, hedge, grant or agree to grant any option, right or warrant over, or otherwise dispose of (or enter into any transaction which is designed to, or might reasonably be expected to, result in the disposition (whether by actual disposition or effective economic disposition due to cash settlement or otherwise) by our Company or any of its affiliates), either directly or indirectly, conditionally or unconditionally, any Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or any securities convertible into or exchangeable for such Shares (or any interest in any Shares or any voting or other right attaching to any Shares);
- (2) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of subscription or ownership of Shares (or any interest in any Shares or any voting or other right attaching to any Shares) or such securities;
- (3) enter into any transaction with the same economic effect as any transaction described in (1) or (2) above; and
- (4) offer or agree to do any foregoing transactions and publicly disclose any intention to effect such transaction,

whether any of the foregoing transactions is to be settled by delivery of Shares or such other securities, in cash or otherwise. In the event that, during the period of six months immediately following the expiration of the First Six-Month Period (the “**Second Six-Month Period**”), our Company does any of the acts specified above, or offers to or agrees to or announces any intention to effect any such transaction, as the case may be, our Company shall take all reasonable steps to ensure that such act, if done, will not create a disorderly or false market for any shares or other securities of our Company or any interest therein. Each of our Controlling Shareholders undertakes to each of the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters to procure our Company and procure each member of our Group to comply with the undertakings above.

---

## UNDERWRITING

---

### *Undertakings by our Controlling Shareholders*

Each of our Controlling Shareholders has also undertaken to each of our Company, the Sole Sponsor, the Joint Bookrunners and the Public Offer Underwriters that, without the prior written consent of the Joint Bookrunners (on behalf of the Public Offer Underwriters) and the Sole Sponsor and unless in compliance with the requirements of the GEM Listing Rules:

- (1) he/she/it will not, will procure that none of his/her/its associates or companies controlled by him/her/it or any nominee or trustee holding in trust for him/her/it shall, directly or indirectly, (i) offer, pledge, sell, mortgage, assign, charge, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant or agree to grant any option, right, or warrant to purchase or subscribe for, lend or otherwise transfer or dispose of, either directly or indirectly, conditionally or unconditionally, any of the share capital or other securities of our Company or any interest therein, beneficially owned by him/her/it or through such associates, companies, nominees or trustee as of the Listing Date (including, without limitation, any securities that are convertible into or exercisable or exchangeable for, or that represent the right to receive, any such share capital or other securities of our Company or any interest therein) immediately following the completion of the Share Offer, (ii) enter into any swap, derivative or other arrangement that transfers to another, in whole or in part, directly or indirectly, any of the economic consequences of subscription or ownership of any such share capital or securities of our Company or any interest therein, (iii) enter into any transaction with the same economic effect as any transaction described in (i) and (ii) above or (iv) offer to or agree to contract to, or publicly announce any intention to enter into, any of the foregoing transactions described in (i) through (iii) above whether any of the foregoing transactions described in (i), (ii) or (iii) above is to be settled by delivery of share capital or such other securities, in cash or otherwise, at any time during the First Six-Month Period;
- (2) he/she/it will not, and will procure that such associate, companies, nominee or trustee will not, dispose of or otherwise create any options, rights, interests or encumbrances in respect of any Shares, or any interest therein at any time during the Second Six-Month Period, such that immediately following such disposal or upon exercise or enforcement of such options, rights, interests or encumbrances shall result in any of our Controlling Shareholders, directly or indirectly, ceasing to be a controlling shareholder of our Company at any time during the Second Six-Month Period; and
- (3) he/she/it shall take all steps to ensure if he/she/it enters into any of the transactions specified in (1) and (2) above, or offers to or agrees to or announces any intention to effect any such transaction, he/she/it will not create a disorderly or false market for any Shares or other securities of our Company or any interest therein.



---

## UNDERWRITING

---

### **The Placing**

#### ***Placing Underwriting Agreement***

In connection with the Placing, it is expected that our Company will enter into the Placing Underwriting Agreement with, among others, the Placing Underwriters, on terms and conditions that are substantially similar to the Public Offer Underwriting Agreement and on the additional terms described below.

It is expected that, pursuant to the Placing Underwriting Agreement, our Company, our executive Directors and our Controlling Shareholders will give undertakings similar to those given pursuant to the Public Offer Underwriting Agreement, as described in “— Underwriting Arrangements and Expenses — The Public Offer — Undertakings pursuant to the Public Offer Underwriting Agreement” above.

It is expected that each of our Controlling Shareholders will undertake to the Placing Underwriters not to dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interest or encumbrances in respect of any of our Shares held by them in our Company for a period similar to that given by them pursuant to the Public Offer Underwriting Agreement as described in “— Underwriting Arrangements and Expenses — The Public Offer — Undertakings Pursuant to the Public Offer Underwriting Agreement” above.

#### **Underwriting Commission and Expenses**

According to the Public Offer Underwriting Agreement, the Public Offer Underwriters will receive an underwriting commission of 3.0% of the aggregate Offer Price payable for the Public Offer Shares initially offered under the Public Offer for the Public Offer Shares that the respective Public Offer Underwriter has actually underwritten. For the unsubscribed Public Offer Shares reallocated to the Placing, we will pay a placing commission at a rate applicable to the Placing and such commission will be paid to the Placing Underwriters and not the Public Offer Underwriters. The Placing Underwriters are expected to receive similar underwriting commission on the aggregate Offer Price payable for the Placing Shares subject to the terms and conditions of the Placing Underwriting Agreement.

The aggregate commissions and fees (exclusive of any discretionary incentive fees), including the Stock Exchange listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees, printing and other expenses relating to the Share Offer, which are currently estimated to be approximately HK\$23.0 million (equivalent to approximately S\$4.2 million) in aggregate (based on an Offer Price of HK\$0.73 per Offer Share, being the mid-point of the indicative Offer Price range ) are to be borne by our Company.

### **UNDERTAKINGS TO THE STOCK EXCHANGE UNDER THE GEM LISTING RULES**

#### **Undertakings by our Company**

Pursuant to Rule 17.29 of the GEM Listing Rules, we have undertaken to the Stock Exchange that we will not issue any further Shares or securities convertible into equity securities (whether or not of a class already listed) or enter into any agreement to such issue within six months from the Listing Date (whether or not such issue of Shares or securities will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 17.29 of the GEM Listing Rules.

---

## UNDERWRITING

---

### Undertakings by our Controlling Shareholders

Pursuant to Rule 13.16A(1) of the GEM Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/she/it shall not and shall procure that the relevant registered holder(s) (if any) shall not:

- (i) save as provided in Rule 13.18 of the GEM Listing Rules, in the period commencing on the date by reference to which disclosure of his/hers/its shareholding is made in this prospectus and ending on the expiry of the First Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares in respect of which he/she/it is shown by this prospectus to be the beneficial owner (as defined in Rule 13.16A(2) of the GEM Listing Rules) (the “**Relevant Securities**”); and
- (ii) save as provided in Rule 13.18 of the GEM Listing Rules, in the period of six months commencing from the Second Six-Month Period, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of any of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, our Controlling Shareholders would cease to be a controlling shareholder (as defined in the GEM Listing Rules) of the Company.

In addition, each of our Controlling Shareholders has undertaken to the Stock Exchange and our Company that he/she/it will comply with the following requirements:

- (i) in the event that he/she/it or his/her/its close associates pledges or charges any direct or indirect interest in the Relevant Securities in favour of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)), as security for a bona fide commercial loan or pursuant to any right or waiver granted by the Stock Exchange pursuant to Rule 13.18(4) of the GEM Listing Rules, at any time during the First Six-Month Period and the Second Six-Month Period, he/she/it must inform the Company immediately thereafter, disclosing the details specified in Rules 17.43(1) to (4) of the GEM Listing Rules; and
- (ii) having pledged or charged any interest in the Shares under (a) above, he/she/it must inform our Company immediately in the event that he/she/it becomes aware that the pledgee or chargee has disposed of or intends to dispose of such interest and of the number of Shares affected.

### UNDERWRITERS' INTERESTS IN OUR COMPANY

Save for their interests and obligations under the Underwriting Agreements or as otherwise disclosed in this prospectus, none of the Underwriters owns any shares or securities in our Company or any other member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for shares or securities in our Company or any member of our Group.

---

## UNDERWRITING

---

### **SPONSOR'S INDEPENDENCE**

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 6A.07 of the GEM Listing Rules.

### **INDEMNITY**

We, our executive Directors, and each of the Controlling Shareholders have undertaken, jointly and severally, to fully and effectively indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless, to the extent permitted by law, each of the Sole Sponsor (and its successors), the Joint Bookrunners (and any of their respective successors), the Public Offer Underwriters, and their respective directors, officers, employees, agents, assignees and affiliates on a continuing basis from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Public Offer Underwriting Agreement.

### **RESTRICTIONS ON THE OFFER SHARES**

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation.

---

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

---

### THE SHARE OFFER

This prospectus is published in connection with the Public Offer as part of the Share Offer. The Share Offer comprises:

- (a) the Public Offer of 45,000,000 new Shares (subject to reallocation as mentioned below) for subscription by the public in Hong Kong as described in “— The Public Offer” below; and
- (b) the Placing of an aggregate of 67,500,000 new Shares (subject to reallocation as mentioned below) outside the United States (including to selected professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S, as described below in “— The Placing” below.

Investors may apply for Offer Shares under the Public Offer or apply for or indicate an interest for Offer Shares under the Placing, but may not do both.

The 112,500,000 Offer Shares in the Share Offer will represent 25% of the total issued share capital of our Company immediately after completion of the Share Offer, without taking into account the exercise of any option which may be granted under the Share Option Scheme.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Public Offer.

### THE PUBLIC OFFER

#### Number of Shares initially offered

We are initially offering 45,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 40% of the total number of Shares initially available under the Share Offer. Subject to the reallocation of Shares between the Public Offer and the Placing, the Public Offer Shares will represent 10% of the total issued share capital of our Company immediately following the completion of the Share Offer. The Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Completion of the Public Offer is subject to the conditions as set out in the paragraph headed “Structure and Conditions of the Share Offer — Conditions of the Public Offer” below.

#### Allocation

Allocation of Public Offer Shares to investors under the Public Offer will be based solely on the level of valid applications received under the Public Offer. The basis of allocation may vary, depending on the number of Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Public Offer Shares.

---

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

---

For allocation purposes only, the total number of Offer Shares available under the Public Offer to be divided equally into two pools:

- **Pool A:** The Public Offer Shares in Pool A will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of HK\$5.0 million or less (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable); and
- **Pool B:** The Public Offer Shares in Pool B will be allocated on an equitable basis to applicants who have applied for Offer Shares with an aggregate price of more than HK\$5.0 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Public Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Public Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this subsection only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Public Offer and any application for more than 22,500,000 Public Offer Shares (being 50% of the 45,000,000 Public Offer Shares initially available under the Public Offer) are liable to be rejected.

### **Reallocation**

The allocation of Offer Shares between the Public Offer and the Placing is subject to reallocation. If the number of the Offer Shares validly applied for under the Public Offer represents 25 times or more than the number of the Offer Shares initially available for subscription under the Public Offer, then the number of Offer Shares to be reallocated to the Public Offer from the Placing will be increased, so that the total number of the Offer Shares available under the Public Offer will be 56,252,000 Offer Shares, representing approximately 50% of the number of Offer Shares initially available under the Share Offer.

In each case, the additional Offer Shares reallocated to the Public Offer will be allocated between pool A and pool B in equal proportion, and the number of Offer Shares allocated to the Placing will be correspondingly reduced in such manner as the Joint Bookrunners deem appropriate.

If the Public Offer is not fully subscribed for, the Joint Bookrunners have the authority to reallocate all or any unsubscribed Public Offer Shares to the Placing in such proportions as the Joint Bookrunners deem appropriate. Conversely, the Joint Bookrunners may at their sole discretion reallocate Offer Shares from the Placing to the Public Offer to satisfy valid applications under the Public Offer, regardless of whether any reallocation is triggered.

### **Applications**

Each applicant under the Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her or it that he or she or it and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing, and

---

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

---

such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated Offer Shares under the Placing.

Applicants under the Public Offer are required to pay, on application, the maximum price of HK\$0.80 per Offer Share in addition to the brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% payable on each Offer Share, amounting to a total of HK\$3,232.25 per board lot of 4,000 Shares. If the Offer Price, as finally determined in the manner described in “— Price Determination of the Share Offer” below, is less than the maximum price of HK\$0.80 per Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in “How to Apply for the Public Offer Shares” in this prospectus.

### THE PLACING

#### Number of Offer Shares offered

The Placing will consist of an initial offering of 67,500,000 Offer Shares, representing 60% of the total number of Offer Shares initially available under the Share Offer and 15% of the total issued share capital immediately after completion of the Share Offer. The Placing will be offered by us to professional, institutional and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong.

#### Allocation

The Placing will include selective marketing of the Placing Shares to selected professional, institutional and other investors anticipated to have a sizeable demand for the Placing Shares in Hong Kong. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

Allocation of the Placing Shares pursuant to the Placing will be effected in accordance with the “book-building” process described in “— Price Determination of the Share Offer” below and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

The Joint Bookrunners (for themselves and on behalf of the other Underwriters) may require any investor who has been offered Placing Shares under the Placing, and who has made an application under the Public Offer to provide sufficient information to the Joint Bookrunners so as to allow them to identify the relevant applications under the Public Offer and to ensure that it is excluded from any application of the Public Offer Shares under the Public Offer.

---

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

---

### Reallocation

The total number of Offer Shares to be issued pursuant to the Placing may change as a result of the clawback arrangement as described above in “The Public Offer — Reallocation” and/or any reallocation of unsubscribed Offer Shares originally included in the Public Offer.

### Price Determination of the Share Offer

The Placing Underwriters will be soliciting from prospective investors’ indications of interest in acquiring Offer Shares in the Placing. Prospective investors will be required to specify the number of the Placing Shares under the Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up to, and to cease on or around, the last day for lodging applications under the Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Share Offer will be fixed on the Price Determination Date, which is expected to be on or about Wednesday, 5 July 2017, and in any event on or before Tuesday, 11 July 2017, by agreement between PFS (for itself and on behalf of the other Underwriters), and our Company and the number of Offer Shares to be allocated or sold under various offerings will be determined shortly thereafter. If for any reason, the Offer Price is not agreed by Tuesday, 11 July 2017 between our Company and PFS (for itself and on behalf of the other Underwriters), the Share Offer will not proceed and will lapse.

The Offer Price will not be more than HK\$0.80 per Share and is expected to be not less than HK\$0.66 per Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Public Offer. Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

The Joint Bookrunners (for themselves and on behalf of the other Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective professional, institutional and other investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares offered in the Share Offer and/or the indicative Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Public Offer. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Public Offer, cause there to be published on the website of our Company at [www.thetomogroup.com](http://www.thetomogroup.com) and the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) a notice of the reduction. Upon issue of such a notice, the number of Offer Shares offered in the Share Offer and/or the revised Offer Price range will be final and conclusive and the Offer Price, if agreed upon by PFS (for itself and on behalf of the other Underwriters) and our Company, will be fixed within such revised offer price range. Such notice will include confirmation or revision, as appropriate, of the working capital statement and the Share Offer statistics as currently set out in this prospectus, and any other financial information which may change as a result of such reduction. Before submitting applications for the Public Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Share Offer and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Public Offer. In the event there is a reduction in the Offer Shares and/or indicative Offer Price range, if the applicants have already submitted an application for the Public Offer Shares before the last day for



---

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

---

lodging applications under the Public Offer, they will be allowed to subsequently withdraw their applications. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and PFS (for itself and on behalf of the Underwriters), will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Share Offer accruing to our Company (after deduction of underwriting fees and estimated expenses payable by our Company in relation to the Share Offer) are estimated to be approximately HK\$59.1 million (equivalent to approximately S\$10.7 million), assuming an Offer Price per Share of HK\$0.73 (being the mid-point of the indicative Offer Price range). See “Future Plans and Use of Proceeds” in this prospectus for details.

The final Offer Price, the indications of interest in the Share Offer, the results of applications and the basis of allotment of the Public Offer Shares available under the Public Offer, are expected to be announced on Wednesday, 12 July 2017 on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [www.thetomogroup.com](http://www.thetomogroup.com).

### UNDERWRITING AGREEMENTS

The Public Offer is fully underwritten by the Public Offer Underwriters under the terms of the Public Offer Underwriting Agreement and is subject to, among other conditions, us and PFS (for itself and on behalf of the other Underwriters) agreeing on the Offer Price on the Price Determination Date.

Our Company, our executive Directors, our Controlling Shareholders, the Sole Sponsor, the Joint Bookrunners and the Placing Underwriters expect to enter into the Placing Underwriting Agreement relating to the Placing on or around the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarised in the section headed “Underwriting” in this prospectus.

### THE SHARES WILL BE ELIGIBLE FOR CCASS

All necessary arrangements have been made to enable the Shares to be admitted into the CCASS. If the Stock Exchange grants the listing of, and permission to deal in, the Shares and our Company complies with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares on the Stock Exchange or any other date HKSCC chooses.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second Business Day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

### CONDITIONS OF THE PUBLIC OFFER

Acceptance of all applications for the Public Offer Shares pursuant to the Public Offer will be conditional on:

- (a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as described in the prospectus;



---

## STRUCTURE AND CONDITIONS OF THE SHARE OFFER

---

- (b) the Offer Price having been fixed on or about the Price Determination Date;
- (c) the execution and delivery of the Placing Underwriting Agreement on or about the Price Determination Date; and
- (d) the obligations of the Public Offer Underwriters under the Public Offer Underwriting Agreement and the Placing Underwriters under the Placing Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with its terms, on or before the dates and times specified in the Placing Underwriting Agreement.

If, for any reason, the Offer Price is not agreed between our Company and PFS (for itself and on behalf of the other Underwriters), or the Placing Underwriting Agreement is not entered into, the Share Offer will not proceed.

The consummation of each of the Public Offer and the Placing is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Share Offer will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Public Offer will be published on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and the website of our Company at [www.thetomogroup.com](http://www.thetomogroup.com) on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in “How to Apply for the Public Offer Shares — 13. Refund of Application Monies” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

Share certificates for the Shares are expected to be issued on Wednesday, 12 July 2017 but will only become valid certificates of title at 8:00 a.m. on Thursday, 13 July 2017 provided that (i) the Share Offer has become unconditional in all respects and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Public Offer Underwriting Agreement — Grounds for Termination” in this prospectus has not been exercised.

### DEALINGS

Assuming that the Share Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 13 July 2017, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 13 July 2017.

The Shares will be traded in board lots of 4,000 Shares each. The stock code of the Shares is 8463.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

### 1. HOW TO APPLY

If you apply for Public Offer Shares, then you may not apply for or indicate an interest for Placing Shares.

To apply for Public Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form** service at [www.hkeipo.hk](http://www.hkeipo.hk);
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Joint Bookrunners, the HK eIPO White Form Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

### 2. WHO CAN APPLY

You can apply for Public Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Joint Bookrunners may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form** for the Public Offer Shares.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

Unless permitted by the GEM Listing Rules, you cannot apply for any Public Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the GEM Listing Rules) of any of the above;
- a connected person (as defined in the GEM Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Share Offer; or
- have been allocated or have applied for any Placing Shares or otherwise participate in the Placing.

### 3. APPLYING FOR PUBLIC OFFER SHARES

#### Which Application Channel to Use

For Public Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through [www.hkeipo.hk](http://www.hkeipo.hk).

For Public Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

#### Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a copy of this prospectus during normal business hours between 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Wednesday, 5 July 2017 from:

- (i) Fortune Financial Capital Limited, 35/F, Office Tower Convention Plaza, No. 1 Harbour Road, Wan Chai, Hong Kong; or
- (ii) Pacific Foundation Securities Limited, 11th Floor, New World Tower II, 16–18 Queen's Road Central, Hong Kong; or
- (iii) Astrum Capital Management Limited, Room 2704, 27/F, Tower 1, Admiralty Centre, 18 Harcourt Road, Hong Kong; or
- (iv) Ample Orient Capital Limited, Room A, 17/F, Fortune House, 61 Connaught Road Central, Central, Hong Kong; or

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

(v) any of the following branches of DBS Bank (Hong Kong) Limited:

<b>District</b>	<b>Branch Name</b>	<b>Address</b>
<b>Hong Kong Island</b>	Head Office	G/F, The Center 99 Queen's Road Central Central
<b>Kowloon</b>	Amoy Plaza Branch	Shops G193–195 Amoy Plaza 77 Ngau Tau Kok Road Ngau Tau Kok
	Mei Foo Branch	Shops N26A & N26B Stage V Mei Foo Sun Chuen 10 & 12 Nassau Street
	Canton Road — DBS Treasures Centre	G/F, Hanley House 68 Canton Road Tsimshatsui

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Wednesday, 5 July 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

### **Time for Lodging Application Forms**

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Ting Hong Nominees Limited — TOMO Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- **Friday, 30 June 2017 — 9:00 a.m. to 5:00 p.m.**
- **Monday, 3 July 2017 — 9:00 a.m. to 5:00 p.m.**
- **Tuesday, 4 July 2017 — 9:00 a.m. to 5:00 p.m.**
- **Wednesday, 5 July 2017 — 9:00 a.m. to 12:00 noon**

The application lists will be open from 11:45 a.m. to 12:00 noon on Wednesday, 5 July 2017, the last application day or such later time as described in the paragraph headed "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

### 4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form** Service, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Joint Bookrunners (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Public Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (WUMP) Ordinance, the Companies Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;
- (v) confirm that you are aware of the restrictions on the Share Offer in this prospectus;
- (vi) agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing nor participated in the Placing;
- (viii) agree to disclose to our Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Public Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Public Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Public Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Public Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;
- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that our Company and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form Service** by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

### **Additional Instructions for Yellow Application Form**

You may refer to the **YELLOW** Application Form for details.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

### 5. APPLYING THROUGH HK eIPO WHITE FORM

#### General

Individuals who meet the criteria headed “Who can apply”, may apply through the **HK eIPO White Form Service** for the Offer Shares to be allotted and registered in their own names through the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

Detailed instructions for application through the **HK eIPO White Form Service** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **HK eIPO White Form Service Provider** to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form Service**.

#### Time for Submitting Applications under the HK eIPO White Form

You may submit your application through the **HK eIPO White Form Service Provider** at [www.hkeipo.hk](http://www.hkeipo.hk) (24 hours daily, except on the last application day) from 9:00 a.m. on Friday, 30 June 2017 until 11:30 a.m. on Wednesday, 5 July 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Wednesday, 5 July 2017 or such later time under the paragraph headed “Effect of Bad Weather on the Opening of the Applications Lists” in this section.

#### No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form Service** to make an application for Public Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form Service** or by any other means, all of your applications are liable to be rejected.

#### Section 40 of the Companies (WUMP) Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

### 6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

#### General

CCASS Participants may give **electronic application instructions** to apply for the Public Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling **(852) 2979 7888** or through the CCASS Internet System <https://ip.ccass.com> (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited  
Customer Service Center  
1/F, One & Two Exchange Square  
8 Connaught Place  
Central  
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Public Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Sponsor, the Joint Bookrunners and our Hong Kong Share Registrar.

#### Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Public Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;



---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

- (ii) HKSCC Nominees will do the following things on your behalf:
- agree that the Public Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
  - agree to accept the Public Offer Shares applied for or any lesser number allocated;
  - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the Placing;
  - (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
  - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;
  - confirm that you understand that our Company, our Directors and the Joint Bookrunners will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Public Offer Shares to you and that you may be prosecuted if you make a false declaration;
  - authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Public Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;
  - confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
  - confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
  - agree that none of our Company, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Share Offer, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
  - agree to disclose your personal data to our Company, our Hong Kong Branch Share Registrar, receiving bank, the Sole Sponsor, the Joint Bookrunners, the Joint Lead Managers, the Underwriters and/or its respective advisers and agents;

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Public Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Public Offer results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Public Offer Shares;
- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, Companies Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

### Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Public Offer Shares on your behalf;
- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

### Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 4,000 Public Offer Shares. Instructions for more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Public Offer Shares will be considered and any such application is liable to be rejected.

### Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- **Friday, 30 June 2017 — 9:00 a.m. to 8:30 p.m.<sup>(1)</sup>**
- **Monday, 3 July 2017 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>**
- **Tuesday, 4 July 2017 — 8:00 a.m. to 8:30 p.m.<sup>(1)</sup>**
- **Wednesday, 5 July 2017 — 8:00 a.m.<sup>(1)</sup> to 12:00 noon**

*Note:*

- (1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Friday, 30 June 2017 until 12:00 noon on Wednesday, 5 July 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Wednesday, 5 July 2017, the last application day or such later time as described in the paragraph headed “Effect of Bad Weather on the Opening of the Application Lists” in this section.

### **No Multiple Applications**

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Public Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Public Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Public Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

### **Section 40 of the Companies (WUMP) Ordinance**

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance).

### **Personal Data**

The section of the Application Form headed “Personal Data” applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Joint Lead Managers, the Joint Bookrunners, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

## **7. WARNING FOR ELECTRONIC APPLICATIONS**

The subscription of the Public Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Public Offer Shares through the **HK eIPO White Form Service** is also only a facility provided by the **HK eIPO White Form Service Provider** to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form Service** will be allotted any Public Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Wednesday, 5 July 2017.

### 8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Public Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form Service**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

### 9. HOW MUCH ARE THE PUBLIC OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form** in respect of a minimum of 4,000 Public Offer Shares. Each application or electronic application instructions in respect of more than 4,000 Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at [www.hkeipo.hk](http://www.hkeipo.hk).

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see “Structure and Conditions of the Share Offer” in this prospectus.

### 10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Wednesday, 5 July 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Wednesday, 5 July 2017 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable” in this prospectus, an announcement will be made in such event.

### 11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the Placing, the level of applications in the Public Offer and the basis of allocation of the Public Offer Shares on Wednesday, 12 July 2017.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) and our website at [www.thetomogroup.com](http://www.thetomogroup.com) by no later than 9:00 a.m. on Wednesday, 12 July 2017;
- from the designated results of allocations website at [www.tricor.com.hk/ipo/result](http://www.tricor.com.hk/ipo/result) with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Wednesday, 12 July 2017 to 12:00 midnight on Tuesday, 18 July 2017;

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

- by telephone enquiry line by calling **(852) 3691 8488** between 9:00 a.m. and 6:00 p.m. from Wednesday, 12 July 2017 to Monday, 17 July 2017 on a business day;
- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 12 July 2017 to Friday, 14 July 2017 at all the receiving bank branches on a business day.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Public Offer Shares if the conditions of the Share Offer are satisfied and the Share Offer is not otherwise terminated. Further details are contained in “Structure and Conditions of the Share Offer” in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

### 12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED PUBLIC OFFER

You should note the following situations in which the Public Offer shares will not be allotted to you:

**(i) If your application is revoked:**

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or through the **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (WUMP) Ordinance (as applied by Section 342E of the Companies (WUMP) Ordinance) gives a public notice under that section which excludes or limits that person’s responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

**(ii) If our Company or our agents exercise their discretion to reject your application:**

Our Company, the Sole Sponsor, the Joint Bookrunners, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

**(iii) If the allotment of Public Offer Shares is void:**

The allotment of Public Offer Shares will be void if the Listing Committee does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

**(iv) If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Public Offer Shares and Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form** Service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- our Company or the Joint Bookrunners believe(s) that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Public Offer Shares initially offered under the Public Offer.

### 13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$0.80 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Public Offer set out in "Structure and Conditions of the Share Offer — The Public Offer — Conditions of the Public Offer" in this prospectus are not fulfilled or if any application is revoked, the application monies, or the



---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Wednesday, 12 July 2017.

### 14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Public Offer Shares allotted to you under the Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Public Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Public Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Wednesday, 12 July 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on Thursday, 13 July 2017 provided that the Share Offer has become unconditional and the right of termination described in "Underwriting" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or the share certificates becoming valid do so at their own risk.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

### Personal Collection

#### (i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Public Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 12 July 2017 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Branch Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Wednesday, 12 July 2017 by ordinary post and at your own risk.

#### (ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Public Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Public Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Wednesday, 12 July 2017 by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 12 July 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS Participant (other than a CCASS Investor Participant)*

For Public Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Public Offer Shares allotted to you with that CCASS Participant.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

- *If you are applying as a CCASS Investor Participant*

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Public Offer in the manner described in the paragraph headed "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 12 July 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Public Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

- (iii) *If you apply through the HK eIPO White Form*

If you apply for 1,000,000 Public Offer Shares or more and your application is wholly or partially successful, you may collect your share certificate(s) from Tricor Investor Service Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Wednesday, 12 July 2017, or such other date as notified by our Company in the newspapers as the date of despatch/collection of share certificates/e-Auto Refund payment instructions/refund cheques.

If you do not collect your share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Public Offer Shares, your share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Wednesday, 12 July 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

- (iv) *If you apply via Electronic Application Instructions to HKSCC*

*Allocation of Public Offer Shares*

For the purposes of allocating Public Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

*Deposit of Share Certificates into CCASS and Refund of Application Monies*

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 12 July 2017 or, on any other date determined by HKSCC or HKSCC Nominees.

---

## HOW TO APPLY FOR THE PUBLIC OFFER SHARES

---

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Public Offer in the manner specified in the paragraph headed “Publication of Results” above on Wednesday, 12 July 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 12 July 2017 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.
- If you have applied as a CCASS Investor Participant, you can also check the number of Public Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC’s “An Operating Guide for Investor Participants” in effect from time to time) on Wednesday, 12 July 2017. Immediately following the credit of the Public Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Public Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 12 July 2017.

### 15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the GEM Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-2, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the 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.



羅兵咸永道

**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 prospectus of the Company dated 30 June 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited.

**Directors' responsibility for the Historical Financial Information**

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

**Reporting accountant's responsibility**

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *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.

---

*PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong*  
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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

30 June 2017

## I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

**Preparation of Historical Financial Information**

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

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

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

**(A) Combined Statements of Comprehensive Income**

	<i>Section II Note</i>	<b>Year ended 31 December</b>	
		<b>2015</b>	<b>2016</b>
		<b>S\$</b>	<b>S\$</b>
Revenue	6	11,470,263	13,081,710
Cost of sales	9	<u>(6,864,307)</u>	<u>(7,831,869)</u>
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	<u>(3,124)</u>	<u>(2,883)</u>
<b>Profit before income tax</b>		3,336,422	3,645,086
Income tax expense	12	<u>(524,086)</u>	<u>(629,000)</u>
<b>Profit for the year</b>		<u>2,812,336</u>	<u>3,016,086</u>
<b>Profit and total comprehensive income for the year attributable to equity holders of the Company</b>		<u>2,812,336</u>	<u>3,016,086</u>
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted	13	<u>N/A</u>	<u>N/A</u>

**(B) Combined Balance Sheets**

	<i>Section II Note</i>	<u>As at 31 December</u>	
		<u>2015</u>	<u>2016</u>
		<u>S\$</u>	<u>S\$</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	14	1,061,110	1,077,489
Intangible assets	15	—	—
Deferred tax assets	17	12,000	4,000
		<u>1,073,110</u>	<u>1,081,489</u>
<b>Current assets</b>			
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
		<u>7,606,379</u>	<u>8,858,712</u>
<b>Total assets</b>		<u>8,679,489</u>	<u>9,940,201</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve attributable to equity holders of the company</b>			
Combined capital	23	200,000	200,000
Retained earnings		7,118,927	8,135,013
<b>Total equity</b>		<u>7,318,927</u>	<u>8,335,013</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	24	845,241	1,101,864
Current income tax liabilities		457,923	503,324
Finance lease liabilities	25	57,398	—
		<u>1,360,562</u>	<u>1,605,188</u>
<b>Total liabilities</b>		<u>1,360,562</u>	<u>1,605,188</u>
<b>Total equity and liabilities</b>		<u>8,679,489</u>	<u>9,940,201</u>



## (C) Combined Statements of Changes in Equity

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

**(D) Combined Statements of Cash Flows**

	<i>Section II Note</i>	<u>Year ended 31 December</u>	
		<u>2015</u>	<u>2016</u>
		S\$	S\$
<b>Cash flow from operating activities</b>			
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)
		<u>3,669,929</u>	<u>3,822,609</u>
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
		<u>152,636</u>	<u>256,623</u>
Cash generated from operations		3,519,268	3,614,834
Income tax paid		<u>(439,128)</u>	<u>(575,599)</u>
Net cash generated from operating activities		<u>3,080,140</u>	<u>3,039,235</u>
<b>Cash flows from investing activities</b>			
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)
		<u>(108,651)</u>	<u>(173,388)</u>
Net cash used in investing activities		<u>(108,651)</u>	<u>(173,388)</u>

	<i>Section II</i> <i>Note</i>	<u>Year ended 31 December</u>	
		<u>2015</u>	<u>2016</u>
		S\$	S\$
<b>Cash flows from financing activities</b>			
Listing expenses paid		—	(95,984)
Repayment of finance lease		(98,870)	(57,398)
Interest paid		(3,232)	(2,992)
Dividends paid		<u>(1,000,000)</u>	<u>(2,000,000)</u>
Net cash used in financing activities		<u><u>(1,102,102)</u></u>	<u><u>(2,156,374)</u></u>
<b>Net increase in cash and cash equivalents</b>		1,869,387	709,473
Cash and cash equivalents at beginning of the year		<u>2,631,229</u>	<u>4,500,616</u>
<b>Cash and cash equivalents at end of the year</b>	20	<u><u>4,500,616</u></u>	<u><u>5,210,089</u></u>
<b>Non-cash transaction</b>			

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 “Listing Business”). The controlling shareholders of the Listing Business 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 listing of the Company’s shares on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited, the Group underwent the Reorganisation to transfer the Listing Business to the Company principally through the following steps:

- 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:

<u>Name of companies</u>	<u>Principal activities</u>	<u>Country of operation/ incorporation</u>	<u>Date of incorporation</u>	<u>Particulars of share capital</u>	<u>Effective interest held as at 31 December<sup>(c)</sup></u>	
					<u>2015</u>	<u>2016</u>
					%	%
<b>Directly held by the Company</b>						
TOMO Enterprises <sup>(a)</sup>	Investment holding	British Virgin Islands	26 January 2017	US\$50,000	—	—
<b>Indirectly held by the Company</b>						
TOMO-CSE <sup>(b)</sup>	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 Listing Business is conducted through the Operating Company. Pursuant to the Reorganisation, the Operating Company together with the Listing Business are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the combined financial information of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented.

## 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

		<b>Effective for annual periods beginning on or after</b>	<b>Note</b>
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:

	<u>Useful lives</u>
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 its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

## 2.7 Financial assets

### (a) *Classification*

The Group 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:

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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.

	<b>Passenger vehicle leather upholstery</b>		<b>Passenger vehicle electronic accessories</b>		<b>Total</b>	
	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>	<b>S\$</b>
<b>Segment revenue</b>	<u>3,566,542</u>	<u>4,482,232</u>	<u>7,903,721</u>	<u>8,599,478</u>	<u>11,470,263</u>	<u>13,081,710</u>
<b>Segment profit</b>	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					<u>(19,732)</u>	<u>—</u>
Profit before tax					3,336,422	3,645,086
Tax expense					<u>(524,086)</u>	<u>(629,000)</u>
Profit for the year					<u>2,812,336</u>	<u>3,016,086</u>
<b>Segment assets</b>	314,688	390,459	1,110,395	563,832	1,425,083	954,291
<b>Unallocated assets:</b>						
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					<u>120,009</u>	<u>112,117</u>
Total assets					<u>8,679,489</u>	<u>9,940,201</u>
Additions to properties, plant and equipment	51,603	45,338	114,322	78,492	165,925	123,830
<b>Segment liabilities</b>	164,101	133,736	97,392	201,496	261,493	335,232
<b>Unallocated liabilities:</b>						
Trade and other payables					583,748	766,632
Current income tax liabilities					457,923	503,324
Finance lease liabilities					<u>57,398</u>	<u>—</u>
Total liabilities					<u>1,360,562</u>	<u>1,605,188</u>

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

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

## 7 OTHER INCOME

	<u>Year ended 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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	<u>111</u>	<u>—</u>
	<u>58,964</u>	<u>60,516</u>

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

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

## 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
Listing expenses	—	292,567
Other operating expenses	170,605	177,861
	<u>8,096,105</u>	<u>9,413,364</u>

## 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
	<u>2,060,155</u>	<u>2,280,305</u>

(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\$
<b>Executive directors</b>					
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
	—	<u>566,109</u>	<u>25,212</u>	—	<u>591,321</u>

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\$
<b>Executive directors</b>					
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:

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

The emoluments of above individuals are within the following band:

	<u>Number of individuals</u>	
	<u>2015</u>	<u>2016</u>
Emoluments band		
Nil — HK\$1,000,000 (equivalent to S\$185,328)	<u>2</u>	<u>2</u>

**11 FINANCE COST — NET**

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

**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:

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Current income tax	533,086	621,000
Deferred income tax ( <i>Note 17</i> )	(9,000)	8,000
Income tax expense	<u>524,086</u>	<u>629,000</u>

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

	<b>Year ended 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
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	<u>524,086</u>	<u>629,000</u>

**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

	<b>Leasehold properties</b>	<b>Lightings, Renovation, Furniture &amp; Fittings</b>	<b>Machinery &amp; Motor Vehicles</b>	<b>Office Equipment and Computers</b>	<b>Total</b>
	S\$	S\$	S\$	S\$	S\$
<b>At 1 January 2015</b>					
Cost	1,150,227	183,246	516,881	73,069	1,923,423
Accumulated depreciation	<u>(392,247)</u>	<u>(165,437)</u>	<u>(310,427)</u>	<u>(54,690)</u>	<u>(922,801)</u>
<b>Net book amount</b>	<b><u>757,980</u></b>	<b><u>17,809</u></b>	<b><u>206,454</u></b>	<b><u>18,379</u></b>	<b><u>1,000,622</u></b>
<b>Year ended 31 December 2015</b>					
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	<u>—</u>	<u>—</u>	<u>(408)</u>	<u>(645)</u>	<u>(1,053)</u>
<b>Closing net book amount</b>	<b><u>715,476</u></b>	<b><u>26,107</u></b>	<b><u>304,546</u></b>	<b><u>14,981</u></b>	<b><u>1,061,110</u></b>
<b>At 1 January 2016</b>					
Cost	1,150,227	201,100	658,306	84,041	2,093,674
Accumulated depreciation	<u>(434,751)</u>	<u>(174,993)</u>	<u>(353,760)</u>	<u>(69,060)</u>	<u>(1,032,564)</u>
<b>Net book amount</b>	<b><u>715,476</u></b>	<b><u>26,107</u></b>	<b><u>304,546</u></b>	<b><u>14,981</u></b>	<b><u>1,061,110</u></b>
<b>Year ended 31 December 2016</b>					
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	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
<b>Closing net book amount</b>	<b><u>672,972</u></b>	<b><u>36,062</u></b>	<b><u>339,364</u></b>	<b><u>29,091</u></b>	<b><u>1,077,489</u></b>

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:

	<b>As at 31 December</b>	
	<b>2015</b>	<b>2016</b>
	<b>S\$</b>	<b>S\$</b>
Cost — capitalised finance leases	165,925	—
Accumulated depreciation	(11,363)	—
<b>Net book amount</b>	<b>154,562</b>	<b>—</b>
<b>15 INTANGIBLE ASSET</b>		
<b>Computer software</b>		<b>S\$</b>
<b>At 1 January 2015</b>		
Cost		59,194
Accumulated amortisation		(39,462)
<b>Net book amount</b>		<b>19,732</b>
<b>Year ended 31 December 2015</b>		
Opening net book amount		19,732
Additions		—
Amortisation		(19,732)
Disposal		—
<b>Closing net book amount</b>		<b>—</b>
<b>At 1 January 2016</b>		
Cost		59,194
Accumulated amortisation		(59,194)
<b>Net book amount</b>		<b>—</b>
<b>Year ended 31 December 2016</b>		
Opening net book amount		—
Additions		—
Amortisation		—
Disposal		—
<b>Closing net book amount</b>		<b>—</b>

## 16 FINANCIAL INSTRUMENTS BY CATEGORY

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	S\$	S\$
<b>Assets as per combined balance sheets</b>		
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	<u>108,008</u>	<u>108,117</u>
<b>Total</b>	<u><u>6,445,138</u></u>	<u><u>7,699,867</u></u>
<b>Liabilities as per combined balance sheets</b>		
Other financial liabilities subsequently measured at amortised cost		
— Trade and other payables	845,241	1,101,864
— Finance lease liabilities	<u>57,398</u>	<u>—</u>
<b>Total</b>	<u><u>902,639</u></u>	<u><u>1,101,864</u></u>

## 17 DEFERRED INCOME TAX

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

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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	<u>36,000</u>	<u>39,000</u>
	<u><u>12,000</u></u>	<u><u>4,000</u></u>

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

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



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

Deferred income asset:

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

Deferred income liability:

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

## 18 TRADE AND OTHER RECEIVABLES

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

## (a) Trade receivables

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

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:

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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
	<u>1,825,768</u>	<u>2,375,558</u>

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:

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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
	<u>1,825,768</u>	<u>2,375,558</u>

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**

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

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**

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

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

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

**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 Listing Business.

**24 TRADE AND OTHER PAYABLES**

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

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:

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	S\$	S\$
1 to 30 days	193,157	335,232
31 to 60 days	68,336	—
61 to 90 days	—	—
Over 90 days	—	—
	<u>261,493</u>	<u>335,232</u>

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:

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

**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:

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	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	<u>—</u>	<u>—</u>
Future finance charges on finance leases	<u>(2,992)</u>	<u>—</u>
Present value of finance lease liabilities	<u>57,398</u>	<u>—</u>
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	<u>—</u>	<u>—</u>
	<u>57,398</u>	<u>—</u>

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:

	<u>As at 31 December</u>	
	<u>2015</u>	<u>2016</u>
	S\$	S\$
— No later than 1 year	10,206	39,004
— Later than 1 year and not later than 5 years	—	50,178
	<u>          </u>	<u>          </u>

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:

<u>Name of the related party</u>	<u>Relationship with the Group</u>
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 337,499,900 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.

The information set out in this Appendix does not form part of the Accountant's Report from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

#### A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted net tangible assets of the Group prepared in accordance with Rule 7.31 of the GEM Listing Rules is for illustrative purposes only, and is set out below to illustrate the effect of the Share Offer on the net tangible assets of the Group attributable to the owners of the Company as of 31 December 2016 as if the Share Offer 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 Share Offer. 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 prospectus, 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 Share Offer	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 Offer Price of HK\$0.66 per Share	<u>8,335,013</u>	<u>9,655,880</u>	<u>17,990,893</u>	<u>0.04</u>	<u>0.22</u>
Based on an Offer Price of HK\$0.80 per Share	<u>8,335,013</u>	<u>12,433,607</u>	<u>20,768,620</u>	<u>0.05</u>	<u>0.25</u>

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 prospectus, 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 Share Offer are based on the indicative Offer Price of HK\$0.66 and HK\$0.80 per Offer Share, being the lower end to higher end of the Offer Price range respectively, after the deduction of the underwriting fees and other listing related expenses (excluding listing expenses 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 prospectus.

- (3) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in the preceding paragraphs and on the basis that 450,000,000 Shares were in issue assuming that the Share Offer and Capitalisation Issue 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 prospectus.
- (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 prospectus. 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 Offer Price of HK\$0.66 per Share) and approximately HK\$0.22 (assuming an Offer Price of HK\$0.80 per Share), respectively.

*The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.*



羅兵咸永道

## **INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION**

To the Directors of TOMO Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of TOMO Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 31 December 2016, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 30 June 2017, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 31 December 2016 as if the proposed initial public offering had taken place at 31 December 2016. As part of this process, information about the Group's financial position has been extracted by the directors from the Group's financial information for the year ended 31 December 2016, on which an accountant's report has been published.

### **Directors' Responsibility for the Unaudited Pro Forma Financial Information**

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

### **Our Independence and Quality Control**

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### **Reporting Accountant's Responsibilities**

Our responsibility is to express an opinion, as required by paragraph 7.31(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus", issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 7.31 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering at 31 December 2016 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

**Opinion**

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 7.31(1) of the Listing Rules.

**PricewaterhouseCoopers**

*Certified Public Accountants*

Hong Kong, 30 June 2017

---

## APPENDIX III      SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

---

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 16 January 2017 under the Companies Law. The Company's constitutional documents consist of its Memorandum of Association and its Articles of Association.

### 1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum states, *inter alia*, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

### 2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 23 June 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

#### (a) Shares

##### (i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

##### (ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting

two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may by ordinary resolution of its members:

- (i) increase its share capital by the creation of new shares;
- (ii) consolidate all or any of its capital into shares of larger amount than its existing shares;
- (iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;
- (iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or
- (v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) *Transfer of shares*

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

*(v) Power of the Company to purchase its own shares*

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

*(vi) Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

*(vii) Calls on shares and forfeiture of shares*

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is

due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

**(b) Directors**

*(i) Appointment, retirement and removal*

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re election or appointment but as between persons who became or were last re elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.



The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

- (aa) he resigns by notice in writing delivered to the Company;
- (bb) he becomes of unsound mind or dies;
- (cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;
- (dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;
- (ee) he is prohibited from being a director by law; or
- (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with

regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) *Borrowing powers*

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in

proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) *Disclosure of interests in contracts with the Company or any of its subsidiaries*

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

- (aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

- (bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;
- (dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or
- (ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

**(c) Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

**(d) Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

**(e) Meetings of members**

*(i) Special and ordinary resolutions*

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) *Voting rights and right to demand a poll*

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting, particulars of the resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address, by advertisement in newspapers in accordance with the requirements of the Stock Exchange or placing it on the Company's website or the website of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

- (aa) the declaration and sanctioning of dividends;
- (bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;
- (cc) the election of directors in place of those retiring;
- (dd) the appointment of auditors and other officers;
- (ee) the fixing of the remuneration of the directors and of the auditors;



(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

**(f) Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic



form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

**(g) Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

**(h) Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK\$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK\$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

**(i) Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

**(j) Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

**(k) Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

### **3. CAYMAN ISLANDS COMPANY LAW**

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

#### **(a) Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

#### **(b) Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

#### **(c) Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the

directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

**(d) Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

**(e) Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

**(f) Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

**(g) Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his

duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

**(h) Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(i) Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

**(j) Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

- (1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and
- (2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 21 February 2017.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.



**(k) Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(l) Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

**(m) Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

**(n) Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

**(o) Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

**(p) Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where



it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

**(q) Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

**(r) Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

**(s) Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

**4. GENERAL**

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix V to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

**FURTHER INFORMATION ABOUT OUR COMPANY AND ITS SUBSIDIARIES****1. Incorporation of our Company**

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 16 January 2017. Our Company has established a place of business in Hong Kong at 57/F, The Center, 99 Queen's Road Central, Hong Kong and was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance on 16 February 2017. In connection with such registration, Mr. Man Yun Wah has been appointed as the authorised representative of our Company for acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our Company is incorporated in the Cayman Islands, its operations are subject to the Companies Law and its constitution, which comprises the Memorandum and the Articles. A summary of certain provisions of its constitution and relevant aspects of the Companies Law is set out in Appendix III to this prospectus.

**2. Changes in authorised and issued share capital of our Company**

Our Company was incorporated in the Cayman Islands on 16 January 2017 and the one nil-paid initial Share was transferred to TOMO Ventures on the same date. The authorised share capital of our Company as at the date of its incorporation was HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each.

On 23 June 2017, the authorised share capital of our Company was increased from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each by the creation of an additional 9,962,000,000 Shares of HK\$0.01 each which rank *pari passu* in all respect with the existing Shares.

Save as disclosed in this prospectus, there has been no alteration in the share capital of our Company within two years immediately preceding the date of this prospectus and up to the Latest Practicable Date.

**3. Resolutions in writing of the sole Shareholder passed on 23 June 2017**

Pursuant to the resolutions in writing passed by the sole Shareholder on 23 June 2017:

- (a) our Company adopted the new memorandum of association with immediate effect and conditionally adopted the new articles of association with effect from the Listing Date;
- (b) our Company increased its authorised share capital from HK\$380,000 divided into 38,000,000 Shares of HK\$0.01 each to HK\$100,000,000 divided into 10,000,000,000 Shares of HK\$0.01 each;
- (c) conditional on the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in the Shares in issue and to be issued as mentioned in this prospectus and on the obligations of the Underwriters under the Underwriting Agreement becoming

unconditional and not being terminated in accordance with the terms of the Underwriting Agreement or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:

- (i) the Share Offer was approved and our Directors were authorised to allot and issue the new Shares under the Share Offer;
- (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “14. Share Option Scheme” below, were approved and adopted and our Directors were authorised to grant options to subscribe for the Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to carry into effect the Share Option Scheme;
- (iii) conditional on the share premium account of our Company being credited as a result of the Share Offer, our Directors were authorised to capitalise approximately HK\$3,374,999 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 337,499,900 Shares for allotment and issue to the sole Shareholder whose names appear on the register of members of our Company as at the close of business on the Business Day immediately before the Listing Date in proportion (as nearly as possible without involving fractions so that no fraction of a Share shall be allotted and issued) to their then existing shareholdings in our Company so that the Shares allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares;
- (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements in accordance with the articles of association of our Company, or pursuant to the exercise of any options which have been or may be granted under the Share Option Scheme, or under the Share Offer or the Capitalisation Issue, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme); and (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in paragraph (vi) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to our Directors as set out in this paragraph (v), whichever occurs first;

- (v) a general unconditional mandate (the “**Repurchase Mandate**”) was given to our Directors to exercise all powers of our Company to repurchase the Shares with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme) until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders in general meeting revoking or varying the authority given to our Directors as set out in this paragraph (vi), whichever occurs first; and
- (vi) the general unconditional mandate mentioned in paragraph (v) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought back by our Company pursuant to the mandate to repurchase Shares as referred to in paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue but excluding the Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

#### **4. Reorganisation**

Our Group underwent the Reorganisation to rationalise our Group’s structure in preparation for the Listing. For information relating to the Reorganisation, please refer to the section headed “History, Reorganisation and Group Structure” in this prospectus.

#### **5. Changes in share capital of subsidiaries**

Our Company’s subsidiaries are referred to in the Accountant’s Report, the text of which is set out in Appendix I to this prospectus.

Save as disclosed in section headed “History, Reorganisation and Group Structure” in this prospectus, there has been no alteration in the registered share capital of any of the subsidiaries of our Group during the two years immediately preceding the date of this prospectus.

## 6. Repurchase by our Company of its own securities

This paragraph includes information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of its own securities.

### (a) *Provisions of the GEM Listing Rules*

The GEM Listing Rules permit companies with a primary listing on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

#### (i) *Shareholders' approval*

All proposed repurchase of securities (which must be fully paid up in the case of shares) by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

*Note:* Pursuant to a resolutions in writing passed by the sole Shareholder on 23 June 2017, the Repurchase Mandate was given to our Directors to exercise all powers of our Company to purchase Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose, of an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Share Offer and the Capitalisation Issue (excluding Shares which may be allotted and issued pursuant to the exercise of the options which may be granted under the Share Option Scheme). The Repurchase Mandate will expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the articles of association of our Company or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the sole Shareholder in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

#### (ii) *Source of funds*

Repurchase by our Company must be paid out of funds legally available for the purpose in accordance with our Company's Memorandum and Articles of Association and the Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time. Under Cayman Islands law, any repurchase by our Company may only be made out of profits of our Company, or out of share premium account, or out of the proceeds of a fresh issue of share made for the purpose of the repurchase, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital. Any premium payable on a purchase over the par value of the shares to be purchased must be provided for out of profits of our Company or from sums standing to the credit of our Company's share premium account, or, if so authorised by its articles of association and subject to the provisions of the Companies Law, out of capital.

(iii) *Connected parties*

A company is prohibited from knowingly repurchasing securities from a “core connected person”, which includes, a director, chief executive or substantial shareholder of our Company or any of its subsidiaries or any of their respective close associates and a core connected person shall not knowingly sell his/her securities to our Company, on the Stock Exchange.

**(b) *Reasons for repurchase***

Our Directors believe that it is in the best interests of our Company and the sole Shareholder for our Directors to have general authority from the sole Shareholder to enable our Company to repurchase Shares in the market. Such repurchase may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if our Directors believe that such repurchase will benefit our Company and the sole Shareholder.

**(c) *Funding of repurchase***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and Articles, the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital requirements of our Group or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 450,000,000 Shares in issue immediately after the listing of the Shares on the Stock Exchange, would result in up to 45,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

**(d) *General***

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their respective close associates currently intends to sell any Shares to our Company or its subsidiaries if the Repurchase Mandate is exercised.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the GEM Listing Rules and the applicable laws and regulations of the Cayman Islands.

No connected person has notified our Company that he has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the GEM Listing Rules).

## **FURTHER INFORMATION ABOUT THE BUSINESS OF OUR GROUP**

### **7. Summary of material contracts**

The following contracts (not being contracts in the ordinary course of business) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the sale and purchase agreement dated 16 June 2017 entered into among Ms. Lee, Mr. David Siew, TOMO Enterprises and our Company for the transfer of the entire issued share capital of TOMO-CSE to our nominee, TOMO Enterprises, in consideration of our Company (i) allotting and issuing an aggregate of 99 Shares in its share capital in the following manner: (a) 50 Shares to TOMO Ventures (being the nominee of Ms. Lee) and (b) 49 Shares to TOMO Ventures (being the nominee of Mr. David Siew), all credited as fully paid; and (ii) crediting the initial Share as fully paid in its share capital held in the name of TOMO Ventures (at the instruction of Ms. Lee); and (iii) procuring the registration of the name of TOMO Ventures in the register of members of our Company in respect of the said 99 newly issued Shares;
- (b) the Deed of Indemnity;
- (c) the Deed of Non-competition; and
- (d) the Public Offer Underwriting Agreement.





## 8. Intellectual property rights of our Group

### (a) Trademarks

As at the Latest Practicable Date, our Group is applying for the registration of the following trademarks:

<u>Trademark</u>	<u>Applicant</u>	<u>Class</u>	<u>Place of application</u>	<u>Trademark application number</u>	<u>Application date</u>
TOMO-CSE	TOMO-CSE	9, 12 and 18	Singapore	40201700339Q	5 January 2017
TOMO Holdings	TOMO-CSE	12	Hong Kong	304006944	29 December 2016

As at the Latest Practicable Date, our Group has registered the following trademarks:

<u>Trademark</u>	<u>Registrant</u>	<u>Class</u>	<u>Place of registration</u>	<u>Trademark registration number</u>	<u>Expiry date</u>
	TOMO-CSE	9, 12 and 18	Singapore	T1304075B	6 March 2023
	TOMO-CSE	9 and 12	Hong Kong	304006953	28 December 2026

### (b) Domain name

As at the Latest Practicable Date, our Group has registered the following domain names:

<u>Domain name</u>	<u>Registrant</u>	<u>Expiry date</u>
www.thetomogroup.com	TOMO-CSE	6 December 2021

Information contained in the above website does not form part of this prospectus.

Save as disclosed above, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

## FURTHER INFORMATION ABOUT DIRECTORS, MANAGEMENT AND STAFF

## 9. Particulars of Directors' service contracts and letters of appointment

(a) *Executive Directors' service contracts*

Each of our executive Directors has entered into a service contract with our Company on 23 June 2017. The terms and conditions of each of such service contracts are similar in all material aspects. Each service contract is for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by our Company or our Director giving to the other not less than three months' prior notice in writing. Under the service contracts, the initial annual salary payable to our executive Directors is as follows:

<u>Name</u>	<u>Amount</u>
Ms. Lee	S\$240,000
Mr. David Siew	S\$360,000
Mr. Richard Siew	S\$93,600

Each of our executive Directors is entitled to a discretionary bonus, the amount of which is determined with reference to the operating results of our Group and the performance of that executive Director. Each of our executive Directors shall abstain from voting and not be counted in the quorum in respect of any resolution of the Board regarding the amount of annual salary and discretionary bonus payable to himself or herself.

(b) *Independent non-executive Directors' letters of appointment*

Each of our independent non-executive Directors has entered into a letter of appointment with our Company on 23 June 2017. Each letter of appointment is for an initial term of one year commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least one month's notice in writing. Under the letters of appointment, the annual director's fees payable to our independent non-executive Directors are as follows:

<u>Name</u>	<u>Amount</u>
Mr. Clarence Tan Kum Wah	S\$43,600
Mr. Lim Cher Hong	S\$43,600
Mr. Gary Chan Ka Leung	S\$43,600

Save as aforesaid, none of our Directors has or is proposed to have a service contract with our Company or any of its subsidiaries (other than contracts expiring or determinable by our Group within one year without the payment of compensation (other than statutory compensation)).

**(c) Directors' remuneration**

During the Track Record Period, the aggregate of the remuneration (including salaries and allowance, if any) paid and benefits in kind granted by our Group to our Directors in respect of the years ended 31 December 2015 and 2016 were approximately S\$591,000 and S\$615,000, respectively.

Under the arrangements currently in force, the aggregate emoluments (excluding any discretionary bonus, if any, payable to the Directors) payable by our Group to and benefits in kind receivable by our Directors for the year ending 31 December 2017 are estimated to be approximately S\$724,600.

None of our Directors or any past directors of any member of our Group has been paid any sum of money for each of the two years ended 31 December 2015 and 31 December 2016 (i) as an inducement to join or upon joining our Company or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

There has been no arrangement under which a Director has waived or agreed to waive any emoluments for each of the two years ended 31 December 2015 and 31 December 2016.

**10. Interests and short positions of Directors in the share, underlying Shares or debentures of our Company and its associated corporations**

Immediately following completion of the Share Offer and the Capitalisation Issue (but not taking into account of any Shares that may be allotted and issued pursuant to the exercise of any option(s) which may be granted under the Share Option Scheme), the interests or short positions of our Directors and the chief executives of our Company in the Shares, underlying Shares and debentures of our Company and its associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, will be as follows:

<u>Name</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares held after the Share Offer<sup>Note 1</sup></u>	<u>Percentage of shareholding after the Share Offer</u>
Ms. Lee	Interest in controlled corporation <sup>Note 2</sup>	337,500,000 Shares (L)	75.0%
Mr. David Siew	Interest in controlled corporation <sup>Note 2</sup>	337,500,000 Shares (L)	75.0%

*Notes:*

- (1) The Letter “L” denotes the person’s long position in the relevant Shares.
- (2) The entire issued share capital of TOMO Ventures is legally and beneficially owned as to 51% by Ms. Lee and as to 49% by Mr. David Siew. Accordingly, Ms. Lee and Mr. David Siew are deemed to be interested in 337,500,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee and Mr. David Siew are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

**11. Interest disclosable under the SFO and substantial shareholders**

So far as our Directors are aware, immediately following the completion of the Share Offer and the Capitalisation Issue and taking no account of any Shares which may be taken up under the Share Offer or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, based on the information available on the Latest Practicable Date, the following persons/entities will have an interest or a short position in the Shares or the underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of our Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any other members of our Group:

<u>Name</u>	<u>Capacity/Nature of interest</u>	<u>Number of Shares held after the Share Offer<sup>Note 1</sup></u>	<u>Percentage of shareholding after the Share Offer</u>
Ms. Lee	Interest in controlled corporation <sup>Note 2</sup>	337,500,000 Shares (L)	75.0%
Mr. David Siew	Interest in controlled corporation <sup>Note 2</sup>	337,500,000 Shares (L)	75.0%
TOMO Ventures	Beneficial owner	337,500,000 Shares (L)	75.0%

*Notes:*

- (1) The Letter “L” denotes the person’s long position in the relevant Shares.
- (2) The entire issued share capital of TOMO Ventures is legally and beneficially owned as to 51% by Ms. Lee and as to 49% by Mr. David Siew. Accordingly, Ms. Lee and Mr. David Siew are deemed to be interested in 337,500,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee and Mr. David Siew are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

**12. Related party transactions**

During the two years immediately preceding the date of this prospectus, our Group did not engage in any related party transactions save as the key management compensation disclosed in note 29 of the Accountant’s Report set out in Appendix I to this prospectus.

**13. Disclaimers**

Save as disclosed in this prospectus:

- (a) and taking no account of any Shares which may be taken up or acquired under the Share Offer or any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme, our Directors are not aware of any person who immediately following completion of the Share Offer and the Capitalisation Issue will have an interest or short position in the Shares and underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or who is, either directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of our Company or any other members of our Group;
- (b) none of our Directors or chief executive of our Company has any interests and short positions in the Shares, underlying Shares and debentures of our Company or any associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have taken under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or will be required to be notified to our Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, in each case once the Shares are listed on the Stock Exchange;
- (c) none of our Directors nor the experts named in the paragraph headed “21. Qualifications and consents of experts” below has been interested in the promotion of, or has any direct or indirect interest in any assets acquired or disposed of by or leased to, any member of our Group within the two years immediately preceding the date of this prospectus, or which are proposed to be acquired or disposed of by or leased to any member of our Group nor will any Director apply for Offer Shares either in his/her own name or in the name of a nominee;
- (d) none of our Directors nor the experts named in the paragraph headed “21. Qualification and consents of the experts” below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole;
- (e) none of the experts named in the paragraph headed “21. Qualifications and consents of experts” below has any shareholding in any member in our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member in our Group; and
- (f) none of our Directors has entered or has proposed to enter into any service agreements with our Company or any member of our Group (other than contracts expiring or determinable by the employer within one year without payment of compensation other than statutory compensation).

#### 14. Share Option Scheme

Our Company has conditionally adopted the Share Option Scheme, which was approved by written resolutions passed by the sole Shareholder on 23 June 2017. The following is a summary of the principal terms of the Share Option Scheme but does not form part of, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme:

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

**(a) Purpose of the Share Option Scheme**

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

**(b) Who may join and basis of eligibility**

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of our Group.

**(c) Price of Shares**

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

**(d) Grant of options and acceptance of offers**

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

**(e) *Maximum number of Shares***

- (i) Subject to sub-paragraphs (ii) and (iii) below, the maximum number of Shares issuable upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from its adoption date (excluding, for this purpose, Shares issuable upon the exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 45,000,000 Shares (or such numbers of Shares as shall result from a subdivision or a consolidation of such 45,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon the exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the GEM Listing Rules in this regard.
- (iii) Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the GEM Listing Rules.
- (iv) The aggregate number of Shares which may be issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company, if this will result in the limit being exceeded.

**(f) *Maximum entitlement of each participant***

The total number of Shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from

voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

**(g) *Grant of options to certain connected persons***

- (i) Any grant of options to a Director, chief executive or substantial shareholder of our Company or any of their respective associates must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director or any of their respective associates will result in the total number of Shares issued and to be issued upon the exercise of all options already granted and to be granted to such person under the Share Option Scheme (including options exercised, cancelled and outstanding) and any other share option schemes of our Company to such person in any 12-month period up to and including the date of grant:
  - (a) representing in aggregate over 0.1% of the Shares in issue; and
  - (b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK\$5 million, such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the GEM Listing Rules in this regard. The grantee, his/her associate and all core connected persons of our Company shall abstain from voting (except where any of such person intends to vote against the proposed grant and his/her intention to do so has been stated in the aforesaid circular). Any change in the terms of an option granted to a substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

**(h) *Restrictions on the times of grant of options***

- (i) No offer for the grant of options may be made after any inside information has come to the knowledge of our Group until such inside information has been announced pursuant to the requirements of the GEM Listing Rules and the SFO. No option may be granted during the period commencing one month immediately preceding the earlier of:
  - (a) the date of the Board meeting (such date to first be notified to the Stock Exchange in accordance with the GEM Listing Rules) for the approval of our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the GEM Listing Rules); and



- (b) the deadline for our Company to publish an announcement of the results for any year or half-year under the GEM Listing Rules, or quarterly or any other interim period (whether or not required under the GEM Listing Rules).
- (ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:
  - (a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
  - (b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

**(i) *Time of exercise of option***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

**(j) *Ranking of Shares***

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

**(k) *Rights are personal to grantee***

An option shall not be transferable or assignable and shall be personal to the grantee of the option. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option (where the grantee is a company, any change of its major shareholder or any substantial change in its management as determined by the Board at its sole discretion will be deemed to be a sale or transfer of interest as aforesaid, if so determined by the Board at its sole discretion).

**(l) *Rights on cessation of employment by death***

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (m) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to

the extent which has become exercisable and not already exercised) within a period of 12 months following his/her death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his/her death or within such period of 12 months following his/her death, then his/her legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

**(m) *Rights on cessation of employment by dismissal***

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group by reason of a termination of his/her employment on any one or more of the grounds that he/she has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his/her creditors generally, or has been convicted of any criminal offence involving his/her integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his/her employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his/her option shall lapse automatically (to the extent not already exercised) on the date of cessation of his/her employment with our Group.

**(n) *Rights on cessation of employment for other reasons***

In the event that the grantee is an employee of our Group at the date of grant and he/she subsequently ceases to be an employee of our Group for any reason other than his/her death or the termination of his/her employment on one or more of the grounds specified in (m) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

**(o) *Effects of alterations to share capital***

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised, and/or the subscription prices of any unexercised option, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable and in compliance with the relevant provisions of the GEM Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification or confirmation is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he/she/it was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

**(p) *Rights on a general offer***

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

**(q) *Rights on winding-up***

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his/her legal personal representative(s)) shall be entitled to exercise all or any of his/her options at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

**(r) *Rights on compromise or arrangement***

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors of our Company to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two business days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (the “**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the business day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court

(whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

**(s) *Lapse of options***

Subject to paragraph (l) above, an option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (k);
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (l), (n), (p), (q) or (r) above;
- (iv) subject to paragraph (q) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his/her creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his/her integrity or honesty;
- (vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or
- (vii) subject to the compromise or arrangement as referred to in paragraph (r) becoming effective, the date on which such compromise or arrangement becomes effective.

**(t) *Cancellation of options granted but not yet exercised***

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

**(u) *Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of ten years commencing on its adoption date and shall expire at the close of business on the business day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

**(v) *Alteration to the Share Option Scheme***

- (i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options and the prospective grantees of the options relating to matters governed by Rule 23.03 of the GEM Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.
- (ii) Any alterations to the terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.
- (iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 23 of the GEM Listing Rules.

**(w) *Termination of the Share Option Scheme***

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

**(x) *Conditions of the Share Option Scheme***

The Share Option Scheme is conditional upon the Listing Division granting the listing of and permission to deal in the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme and commencement of dealings in the Shares on the Stock Exchange.

*Present status of the Share Option Scheme*

Application has been made to the Listing Division for the listing of and permission to deal in the Shares which fall to be issued pursuant to the exercise of the options granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

**OTHER INFORMATION****15. Tax and other indemnities**

Each of TOMO Ventures, Mr. David Siew and Ms. Lee (the “**Indemnifiers**”) has, pursuant to the Deed of Indemnity on a joint and several basis, given indemnity in favour of our Group from and against, among other things, any tax liabilities which might be paid or payable by any member of our Group (the “**Group Member(s)**”) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received before the Listing Date, save:

- (a) to the extent that provision has been made for such taxation in the audited combined accounts of our Group as set out in Appendix I to this prospectus;
- (b) to the extent that such taxation claim arises or is incurred as a consequence of any retrospective change in laws or regulations or the interpretation or practice by the Hong Kong Inland Revenue Department or any other tax or government authorities in any part of the world coming into force after the date of the Deed of Indemnity or to the extent such taxation claim arises or is increased by an increase in rates of taxation after the date of the Deed of Indemnity with retrospective effect;
- (c) to the extent that the liability for such taxation is caused by the act or omission of, or transaction voluntarily effected by, our Group Member which is carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after the date on which the Deed of Indemnity becomes effective (the “**Effective Date**”);
- (d) to the extent that such taxation or liability is/are discharged by another person who is not a Group Member and that none of our Company and Group Members is required to reimburse such person in respect of the discharge of such taxation or liability;
- (e) to the extent that such taxation or liability would not have arisen but for any act or omission by any Group Member (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) voluntarily effected without the prior written consent or agreement of the Indemnifiers, otherwise than in the ordinary course of business after the date hereof or carried out, made or entered into pursuant to a legally binding commitment created before the Effective Date; and
- (f) to the extent of any provision or reserve made for taxation in the audited accounts of our Group as set out in Appendix I to this prospectus which is finally established to be an over-provision or an excessive reserve.

Further, pursuant to the Deed of Indemnity, the Indemnifiers have jointly and severally given indemnity in respect of, among other matters, any liability for Hong Kong estate duty, if any, which might be incurred by any of Group Member by reason of any transfer of property to any of the members of our Group on or before the Listing Date. Our Directors have been advised that no material liability for estate duty is likely to fall on any member of our Group in the Cayman Islands, the British Virgin Islands and Singapore, being jurisdictions in which the companies comprising our Group are incorporated.

In addition, pursuant to the Deed of Indemnity, the Indemnifiers have agreed and undertaken to jointly and severally indemnify the members of our Group and each of them and at all times keep the same indemnified on demand from and against, save to the extent that full provision has been made as set out in Appendix I to this prospectus, all claims, damages, losses, costs, expenses, fines, actions and proceedings whatsoever and howsoever arising at any time whether present or in the future as a result of or in connection with:

- (a) any alleged or actual violation or non-compliance by any of our Group Members with any laws, regulations or administrative orders or measures in Singapore and Hong Kong on or before the Effective Date;
- (b) any and all expenses, payments, sums, outgoing, fees, demands, claims, actions, proceedings, judgments, damages, losses, costs (including but not limited to, legal and other professional costs), charges, contributions, liabilities, fines, penalties which any Group Members may incur, suffer or accrue, directly or indirectly from or on the basis of or in connection with any failure, delay or defects of corporate or regulatory compliance under, or any breach of any provision of the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) or any other applicable laws, rules and regulations by any Group Members on or before the Effective Date (in the case of our Group Members);
- (c) any irregularities in relation to any corporate documents of any of our Group Members; and
- (d) all direct losses and damages that we may suffer as a result of the breach of non-compliance incidents as disclosed in this prospectus.

## **16. Litigation**

During the Track Record Period and up to the Latest Practicable Date, neither our Company nor any of its subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against our Company or any of its subsidiaries.

## **17. Sole Sponsor**

The Sole Sponsor has made an application for and on behalf of our Company to the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus, including the Offer Shares and any Shares which may fall to be allotted and issued pursuant to (a) the Capitalisation Issue; and (b) the exercise of options which may be granted under the Share Option Scheme.

The Sole Sponsor has declared its independence pursuant to Rule 6A.07 of the GEM Listing Rules. The Sole Sponsor's fees in connection with the Share Offer are approximately HK\$4.0 million.

**18. Compliance adviser**

In accordance with the requirements of the GEM Listing Rules, our Company has appointed Fortune Financial Capital Limited as its compliance adviser to provide consultancy services to our Company to ensure compliance with Rule 6A.19 of the GEM Listing Rules for a period commencing on the Listing Date and ending on the date on which our Company complies with the GEM Listing Rules in respect of its financial results for the second full financial year commencing after the Listing Date.

**19. Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are approximately HK\$42,000 and are payable by our Company.

**20. Promoters**

Our Company has no promoter for the purpose of GEM Listing Rules.

**21. Qualifications and consents of experts**

The qualifications of the experts who have given reports, letter or opinions (as the case may be) in this prospectus are as follows:

Name	Qualification
Fortune Financial Capital Limited	Licensed corporation to carry on type 6 (advising on corporate finance) regulated activity as defined under the SFO
PricewaterhouseCoopers	Certified public accountants
Dentons Rodyk & Davidson LLP	Legal advisers to our Company as to Singapore law
Conyers Dill & Pearman	Legal advisers to our Company as to Cayman Islands law
Frost & Sullivan International Limited	Independent Industry Consultant

Each of the experts named above has given and has not withdrawn their respective written consents to the issue of this prospectus with copies of their reports, letters, opinions and/or summaries of opinions (as the case may be) and the references to their names and statements included herein in the form and context in which they respectively appear.

None of the experts named above has any shareholding interest in any members of our Group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.



**22. Binding Effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penalty provisions) of sections 44A and 44B of the Companies (WUMP) Ordinance so far as applicable.

**23. Taxation of holders of Shares****(a) Hong Kong****(i) Profits**

No tax is imposed in Hong Kong in respect of capital gains from the sale of property such as the Shares. Trading gains from the sale of property by persons carrying on a trade, profession or business in Hong Kong where such gains are derived from or arise in Hong Kong from such trade, profession or business will be chargeable to Hong Kong profits tax. Gains from sales of the Shares effected on the Stock Exchange will be considered to be derived from or arise in Hong Kong. Liability for Hong Kong profits tax would thus arise in respect of trading gains from sales of the Shares realised by persons carrying on a business of trading or dealing in securities in Hong Kong.

**(ii) Stamp duty**

Hong Kong stamp duty will be payable by the purchaser on every purchase and by the seller on every sale of the Shares. The duty is charged at the current rate of 0.2% of the consideration or, if higher, the fair value of the Shares being sold or transferred (the buyer and seller each paying half of such stamp duty). In addition, a fixed duty of HK\$5 is currently payable on any instrument of transfer of shares.

**(iii) Estate duty**

Estate duty has been abolished in Hong Kong by The Revenue (Abolition of Estate Duty) Ordinance 2005 which came into effect on 11 February 2006.

**(b) The Cayman Islands**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

**(c) Consultation with professional advisers**

Intended holders of the Shares are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding or disposing of or dealing in the Shares or exercising any rights attaching to them. It is emphasised that none of our Company, our Directors or the other parties involved in the Share Offer can accept responsibility for any tax effect on, or liabilities of, holders of the Shares resulting from their subscription for, purchase, holding or disposal of or dealing in the Shares or exercising any rights attaching to them.

**24. Miscellaneous**

- (a) Save as disclosed in this prospectus, within two years preceding the date of this prospectus:
  - (i) no share or loan capital of our Company or of any of its subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
  - (ii) no commissions, discounts, brokerages (other than under the Underwriting Agreement) or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;
  - (iii) no commission has been paid or payable subscribing, agreeing to subscribe or procuring subscription or agreeing to procure subscription for any shares in our Company or any of its subsidiaries; and
  - (iv) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (b) Saved as disclosed in this prospectus, no founders, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (c) Our Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since 31 December 2016 (being the date to which the latest audited combined financial statements of our Group were made up) up to the Latest Practicable Date;
- (d) There has not been any interruption in the business of our Group which has had a material adverse effect on the financial position of our Group in the 24 months preceding the date of this prospectus;
- (e) None of the equity and debt securities of our Company is listed or dealt with on any other stock exchange nor is any listing or submission to deal being or proposed to be sought;
- (f) None of our Directors nor any of the persons whose names are listed in paragraph headed “21. Qualification and consents of experts” in this section has received any commissions, discounts, agency fees, brokerages or other special terms in connection with the issue or sale of any share or loan capital of any member of our Group;
- (g) Subject to the provisions of the Companies Law, the principal register of members of our Company will be maintained in the Cayman Islands by Conyers Trust Company (Cayman) Limited and a branch register of members of our Company will be maintained in Hong Kong by Tricor Investor Services Limited. Unless the Directors otherwise agree, all transfers and other documents of title of the Shares must be lodged for registration with and registered by, our Company’s branch share registrar in Hong Kong and may not be lodged in the Cayman Islands;
- (h) All necessary arrangements have been made to enable the Shares to be admitted into CCASS;

- (i) There is no arrangement under which future dividends are waived or agreed to be waived; and
- (j) No company within our Group is presently listed on any stock exchange or traded on any trading system.

**25. Bilingual prospectus**

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided in section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

**DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES**

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) a copy of each of the **WHITE, YELLOW** and **GREEN** Application Forms;
- (b) the written consents referred to in the paragraph headed “Other information — 21. Qualifications and consents of experts” in Appendix IV to this prospectus; and
- (c) a copy of each of the material contracts referred to in the paragraph headed “Further information about the business of our Group — 7. Summary of material contracts” in Appendix IV to this prospectus.

**DOCUMENTS AVAILABLE FOR INSPECTION**

Copies of the following documents will be available for inspection at the office of Robertsons, at 57/F, The Center, 99 Queen’s Road Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association of our Company;
- (b) the Accountant’s Report of our Group dated 30 June 2017 from PricewaterhouseCoopers, the text of which is set out in the section headed “Accountant’s Report” in Appendix I to this prospectus;
- (c) the report dated 30 June 2017 on unaudited pro forma financial information of our Group issued by PricewaterhouseCoopers, the text of which is set out in the section headed “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus;
- (d) the audited combined financial statements of our Group for each of the years ended 31 December 2015 and 2016;
- (e) the letter prepared by Conyers Dill & Pearman summarising certain aspects of Cayman Companies Law referred to in Appendix III — “Summary of the Constitution of our Company and Cayman Islands Company Law”;
- (f) the Cayman Companies Law;
- (g) the rules of our Share Option Scheme;
- (h) the material contracts referred to in the paragraph headed “Further information about the business of our Group — 7. Summary of material contracts” in Appendix IV to this prospectus;
- (i) the written consents referred to in the paragraph headed “Other information — 21. Qualifications and consents of experts” in Appendix IV to this prospectus;

- (j) the service contracts and the letters of appointment referred to in the paragraph headed “Further information about directors, management and staff — 9. Particulars of Directors’ service contracts and letters of appointment” in Appendix IV to this prospectus;
- (k) the legal opinion issued by Dentons Rodyk & Davidson LLP, legal advisers to our Company as to Singapore laws; and
- (l) the industry report prepared by Frost & Sullivan International Limited referred to in “Industry Overview” herein.

**[thetomogroup.com](http://thetomogroup.com)**