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TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2020

FINANCIAL HIGHLIGHTS

In S\$ ('000)	For the year ended 31 December		
	2020	2019	Change
Revenue	6,185	16,487	(62.5%)
Gross profit	1,859	6,580	(71.7%)
Gross profit margin	30.1%	39.9%	(24.6%)
Profit for the year	173	2,239	(92.3%)
Profit for the year excluding Transfer of Listing expenses	173	3,761	(95.4%)
In S\$ ('000)	As at 31 December		
	2020	2019	Change
Fixed deposits and cash and cash equivalents	20,639	19,536	5.6%
Total assets	26,811	27,896	(3.9%)
Total liabilities	1,229	2,487	(50.6%)
Total equity	25,582	25,409	0.7%

The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail and it is available on TOMO Holdings Limited's (the "Company", together with its subsidiaries, the "Group") website at www.thetomogroup.com.

ANNUAL RESULTS

The board (the “Board”) of directors (the “Directors”) of the Company is pleased to announce the consolidated results of the Group for the financial year ended 31 December 2020 (the “Current Year”) together with the comparative figures for the financial year ended 31 December 2019 (the “Corresponding Year”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

		Year ended 31 December	
		2020	2019
	Notes	S\$	S\$
Revenue	4	6,184,891	16,487,087
Cost of sales	5	<u>(4,325,895)</u>	<u>(9,906,595)</u>
Gross profit		1,858,996	6,580,492
Other income		438,392	160,176
Other losses – net		(167,387)	(37,609)
Selling and distribution expenses	5	(377,714)	(443,484)
Administrative expenses	5	(1,539,278)	(3,336,927)
Finance income		63,893	150,415
Finance cost on lease liabilities		<u>(3,586)</u>	<u>(4,488)</u>
Profit before income tax		273,316	3,068,575
Income tax expense	6	<u>(100,332)</u>	<u>(829,173)</u>
Profit for the year		<u><u>172,984</u></u>	<u><u>2,239,402</u></u>
Profit and total comprehensive income for the year attributable to equity holders of the Company		<u><u>172,984</u></u>	<u><u>2,239,402</u></u>
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (<i>Singapore cents</i>)	8	<u><u>0.04</u></u>	<u><u>0.50</u></u>

CONSOLIDATED BALANCE SHEET

As at 31 December 2020

		As at 31 December	
		2020	2019
	Notes	S\$	S\$
ASSETS			
Non-current assets			
Investment properties		3,000,000	3,150,000
Property, plant and equipment		1,003,033	1,074,829
Right-of-use assets		45,184	83,913
Deferred tax asset		—	1,000
		<u>4,048,217</u>	<u>4,309,742</u>
Current assets			
Inventories		668,338	790,943
Contract assets		408,063	293,120
Trade and other receivables	9	1,047,532	2,966,777
Fixed deposits		—	9,263,692
Cash and cash equivalents		20,638,689	10,271,910
		<u>22,762,622</u>	<u>23,586,442</u>
Total assets		<u>26,810,839</u>	<u>27,896,184</u>
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	10	793,357	793,357
Share premium		12,398,264	12,398,264
Other reserve		200,000	200,000
Retained earnings		12,190,709	12,017,725
Total equity		<u>25,582,330</u>	<u>25,409,346</u>

		As at 31 December	
		2020	2019
<i>Notes</i>		S\$	S\$
LIABILITIES			
Non-current liabilities			
Lease liabilities		6,945	47,365
Deferred tax liability		6,000	–
		<u>12,945</u>	<u>47,365</u>
Current liabilities			
Trade and other payables	11	774,528	1,366,167
Lease liabilities		40,420	38,358
Current income tax liabilities		316,020	851,000
Provision	12	84,596	183,948
		<u>1,215,564</u>	<u>2,439,473</u>
Total liabilities		<u>1,228,509</u>	<u>2,486,838</u>
Total equity and liabilities		<u>26,810,839</u>	<u>27,896,184</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL INFORMATION

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 Company is listed on the Main Board of the Stock Exchange of Hong Kong Limited.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, the principal place of business in Singapore of the Company is Block 3018, Bedok North Street 5, #02-08 Eastlink, Singapore 486132 and the principal place of business in Hong Kong of the Company is 57/F, The Center, 99 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The Group is principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of electronic accessories. These consolidated financial statements are presented in Singapore dollars ("S\$"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Group's annual financial statements for the year ended 31 December 2019, except as mentioned below.

(i) New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised IFRSs and International Financial Reporting Interpretations Committee Interpretations ("IFRIC") that are relevant to its operations and effective for the current financial year. In addition, the Group has also early adopted the Amendment to IFRS 16 COVID-19 — Related Rent Concessions. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC.

The adoption of these new/revised IFRSs and IFRIC did not have any material effect on these financial statements.

During the financial year, the Group has elected to early adopt the amendment to IFRS 16: COVID-19 — Related Rent Concessions which provided practical relief for lessees in accounting for rent concessions. Under the practical expedient, the lessees are not required to assess whether a rent concession is a lease modification and instead are permitted to account for them as if they were not lease modifications, if all of the following conditions are met:

- (a) the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- (b) any reduction in lease payments affects only payments originally due on or before 30 June 2021; and
- (c) there is no substantive change to other terms and conditions of the lease.

The Group has elected to apply this practical expedient to all leases. As a result of applying the practical expedient, rent concessions of \$6,265 was recognised as other income in the profit or loss during the year. The amendment has no impact on retained earnings at 1 January 2020.

(ii) New standards, amendments to standards and interpretations not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2020 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on these consolidated financial statements of the Group.

4. REVENUE AND 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 mainly represents the business of supplying and installing passenger vehicle electronic accessories to passenger vehicle distributors and dealers. These passenger vehicle distributors and dealers are mainly 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.

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than cash and cash equivalents, contract assets, trade and other receivables and investment properties which are classified as unallocated assets. Property, plant and equipment and right-of-use assets are allocated as allocated and unallocated assets based on the usage of these assets by segment.

The amounts provided to management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than other payables and accruals, current income tax liabilities and deferred tax liability which are classified as unallocated liabilities. Lease liabilities is allocated proportionately in both allocated and unallocated liabilities based on the liabilities incurred by segment.

	Passenger vehicle leather upholstery 31 December		Passenger vehicle electronic accessories 31 December		Total 31 December	
	2020	2019	2020	2019	2020	2019
	S\$	S\$	S\$	S\$	S\$	S\$
Sales and installation of goods	1,468,786	4,147,165	4,521,115	9,230,712	5,989,901	13,377,877
Sales of goods	<u>—</u>	<u>—</u>	<u>194,990</u>	3,109,210	<u>194,990</u>	3,109,210
Segment revenue	1,468,786	4,147,165	4,716,105	12,339,922	6,184,891	16,487,087
Segment profit	157,978	1,229,608	507,192	3,659,489	665,170	4,889,097
Depreciation of property, plant and equipment	(40,538)	(57,149)	(69,892)	(95,833)	(110,430)	(152,982)
Depreciation of right-of-use assets	(30,983)	(25,820)	—	—	(30,983)	(25,820)
<i>Unallocated expenses:</i>						
Depreciation of property, plant and equipment					(92,695)	(112,884)
Depreciation of right-of-use assets					(7,746)	(6,455)
Fair value loss on investment properties					(150,000)	—
Professional fees in relation to Transfer of Listing					<u>—</u>	<u>(1,522,381)</u>
Profit before income tax					273,316	3,068,575
Income tax expense					(100,332)	(829,173)
Profit for the year					<u>172,984</u>	<u>2,239,402</u>

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Total	
	31 December		31 December		31 December	
	2020	2019	2020	2019	2020	2019
	S\$	S\$	S\$	S\$	S\$	S\$
Segment assets	201,123	224,156	657,372	769,451	858,495	993,607
<i>Unallocated assets:</i>						
Cash and cash equivalents					20,638,689	10,271,910
Contract assets					408,063	293,120
Trade and other receivables					1,047,532	2,966,777
Investment properties					3,000,000	3,150,000
Property, plant and equipment					849,023	939,295
Right-of-use assets					9,037	16,783
Fixed deposits					—	9,263,692
Deferred tax asset					—	1,000
Total assets					26,810,839	27,896,184
Additions to property, plant and equipment	27,406	—	80,605	—	108,011	—
Segment liabilities	44,788	135,592	245,614	224,998	290,402	360,590
<i>Unallocated liabilities:</i>						
Other payables and accruals					522,018	1,074,155
Current income tax liabilities					316,020	851,000
Lease liabilities					9,473	17,145
Deferred tax liabilities					6,000	—
Provision					84,596	183,948
Total liabilities					1,228,509	2,486,838

The Group derives revenue from the transfer of goods and services at a point in time in the following major product lines:

		Year ended 31 December	
		2020	2019
		S\$	S\$
Sales and installation of goods:			
– Passenger vehicle leather upholstery		1,468,786	4,147,165
– Passenger vehicle electronic accessories		4,521,115	9,230,712
		5,989,901	13,377,877
Sales of goods:			
– Passenger vehicle electronic accessories		194,990	3,109,210
		6,184,891	16,487,087

Information about major customers

Revenue is derived from 2 external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		2020	2019
		\$	\$
	Attributable segments		
Customer 1	Passenger vehicle leather upholstery and passenger vehicle electronic accessories	5,108,359	10,922,104
Customer 2	Passenger vehicle electronic accessories	—	3,067,200
		5,108,359	13,989,304

Geographical information

An analysis of revenue from external customers by geographical area is set out below:

		Year ended 31 December	
		2020	2019
		S\$	S\$
Singapore		6,184,891	13,419,127
Malaysia		—	3,067,960
		6,184,891	16,487,087

The principal assets of the Group were located in Singapore as at 31 December 2020 and 2019.

5. EXPENSES BY NATURE

	Year ended 31 December	
	2020	2019
	S\$	S\$
Costs of inventories	2,855,310	8,000,755
Freight and forwarding charges	19,050	20,595
Employee benefit costs	2,475,077	2,938,917
Depreciation of property, plant and equipment	203,125	265,866
Depreciation of right-of-use assets	38,729	32,275
Rental expenses on short-term leases	13,962	25,884
Commission	21,153	19,315
Entertainment	63,136	73,803
Motor vehicles expenses	41,357	50,734
Insurance	57,903	60,145
Travelling expenses	11,487	26,399
Advertisement	12,576	20,148
Auditor's remuneration		
– Audit services	80,000	155,000
Legal and professional fees	225,382	269,777
Write-off of inventories	9,613	14,861
Provision for warranty cost	24,595	98,954
Reversal of unutilised warranty	(78,461)	(97,742)
Professional fees in relation to Transfer of Listing		
– Paid or payable to auditor	—	145,886
– Paid or payable to other professional parties	—	1,376,495
Other operating expenses	168,893	188,939
	<hr/>	<hr/>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>6,242,887</u>	<u>13,687,006</u>

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2020	2019
	S\$	S\$
Income tax:		
– Current income tax	107,000	851,000
– Over provision in prior years	(13,668)	(16,827)
	<u>93,332</u>	<u>834,173</u>
Deferred income tax:		
– Deferred income tax	7,000	(5,000)
	<u>7,000</u>	<u>(5,000)</u>
Income tax expense	<u><u>100,332</u></u>	<u><u>829,173</u></u>

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 for the year (2019: 17%).

7. DIVIDENDS

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

8. EARNINGS PER SHARE FOR PROFIT ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY

	Year ended 31 December	
	2020	2019
Profit attributable to equity holders of the Company (S\$)	<u>172,984</u>	<u>2,239,402</u>
Weighted average number of ordinary shares in issue ('000)	<u>450,000</u>	<u>450,000</u>
Basic and diluted earnings per share (<i>Singapore cents</i>)	<u><u>0.04</u></u>	<u><u>0.50</u></u>

The calculation of the basic earnings per share is based on the profit for the year attributable to equity holders of the Company and the weighted average number of ordinary shares in issue.

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the years ended 31 December 2019 and 2020.

9. TRADE & OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	S\$	S\$
Trade receivables (<i>Note a</i>)		
– Third parties	<u>934,263</u>	<u>2,903,215</u>
Deposit, prepayment and other receivables		
– Rental and other deposits	5,545	5,645
– Advance payment to suppliers	52,258	11,508
– Prepayment of operating expenses	6,805	5,928
– Other receivables	48,661	—
– Interest receivable	<u>—</u>	<u>40,481</u>
	<u>113,269</u>	<u>63,562</u>
	<u><u>1,047,532</u></u>	<u><u>2,966,777</u></u>

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

The Group normally grants credit terms to its customers ranging from 0 to 30 days. The aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	S\$	S\$
1 to 30 days	489,900	1,898,093
31 to 60 days	436,867	766,450
61 to 90 days	4,342	237,658
Over 90 days	3,154	1,014
	934,263	2,903,215

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

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

10. SHARE CAPITAL

The share capital of the Group as at 31 December 2020 represented the share capital of the Company.

	Number of ordinary shares ('000)	Share capital S\$	Share premium S\$
As at 31 December 2019 and 31 December 2020			
– Authorised	10,000,000	17,822,268	–
– Issued and fully paid	450,000	793,357	12,398,264

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	S\$	S\$
Trade payables (<i>Note a</i>)		
– Third parties	<u>252,510</u>	<u>292,012</u>
Other payables and accruals		
– Accrued operating expenses	224,393	375,821
– Accrued professional fees in relation to Transfer of Listing	—	406,684
– Goods and services tax payables	90,454	145,974
– Others	<u>207,171</u>	<u>145,676</u>
	<u>522,018</u>	<u>1,074,155</u>
	<u>774,528</u>	<u>1,366,167</u>

The carrying amounts of trade and other payables approximate their fair values.

Trade payables

Trade payables are non-interest bearing and are normally settled on 30 days' terms.

The aging analysis of the trade payables based on invoice date is as follows:

	As at 31 December	
	2020	2019
	S\$	S\$
1 to 30 days	<u>252,510</u>	<u>292,012</u>

12. PROVISION

Provision for warranty cost

The movement in provision for warranty cost during the year is as follows:

	2020	2019
	S\$	S\$
As at 1 January	183,948	263,885
Provisions utilised	(45,486)	(81,149)
Reversal of warranty	(78,461)	(97,742)
Provision for warranty cost	<u>24,595</u>	<u>98,954</u>
As at 31 December	<u>84,596</u>	<u>183,948</u>

BUSINESS REVIEW AND PROSPECTS

The Group is principally engaged in the (i) supply and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of electronic accessories. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 13 July 2017 (the “Listing Date”) and were transferred to be listed on the Main Board of the Stock Exchange on 23 December 2019.

According to the numbers released by the Land Transport Authority of Singapore, the total number of newly registered passenger vehicles in Singapore for the year 2020 had decreased by approximately 28,000 units or 38.9% from approximately 72,000 units for the Corresponding Year. Certificate of Entitlement (“COE”) bidding exercises in Singapore were suspended on April 2020 when Singapore entered its circuit breaker on 7 April 2020. It was later resumed on 8 July 2020. There was no sales of new vehicles during the lockdown of non-essential services.

For the year ended 31 December 2020, the Group’s revenue decreased by approximately 62.5%, the gross profit decreased by approximately 71.7% and profit attributable to shareholders decreased by approximately 95.4% after excluding the Transfer of Listing expenses in 2019. It was mainly due to a decrease in sales of newly registered passenger vehicles in Singapore and temporary closure of our business operation from 7 April 2020 to 1 June 2020 (both days inclusive) as a result of the circuit breaker measures imposed by the Government of Singapore in response to the COVID-19 pandemic.

Going forward, we expect to face even greater headwinds. We will witness vast geopolitical uncertainty and tensions, barriers to free trade punishing businesses with global supply chains, and the COVID-19 virus continuing to ravage across continents.

However, our business is resilient. We have weathered storms before, and we will weather them again. We are confident that with the appropriate measures, we will come out of this difficult time even stronger, finding opportunities for us to sow the seeds for future success.

The Directors and management of the Company will remain focused in our business objectives. We will continue to provide our customers with innovative products and excellent service. We are confident of making good progress with our marketing strategy and will strive to deliver better operating performance.

FINANCIAL REVIEW

Revenue

The total revenue of the Group for the year ended 31 December 2020 (the “Current Year”) was approximately S\$6,185,000 as compared to approximately S\$16,487,000 for the year ended 31 December 2019 (the “Corresponding Year”), representing a decrease of approximately 62.5%. Such a decrease was attributable to the decrease in the demand of leather upholstery, navigation and multimedia accessories and safety and security accessories of approximately 64.6%, 84.3% and 50.2% respectively.

Gross profit

As a result of the decrease in sales and temporarily closure of our business during the year 2020, the Group’s gross profit fell by approximately S\$4,721,000 or 71.7% from approximately S\$6,580,000 for the Corresponding Year to approximately S\$1,859,000 for the Current Year. Despite the economic slowdown, the Group was still able to achieve its gross profit margin to approximately 30.1% for the Current Year, as compared to profit margins of approximately 39.9% for the Corresponding Year. This was mainly due to lower selling prices and offset by the reduction of warranty costs.

Other income

Other income of the Group increased by approximately S\$278,000 from approximately S\$160,000 for Corresponding Year to approximately S\$438,000 for the Current Year. Such increase was mainly relating to Singapore government COVID-19 Support Grants such as Jobs Support Scheme, Foreign Worker Levy Rebate, Rental Relief Framework and offset by lower rental income from the investment properties.

Other losses – net

Other losses – net increased by approximately S\$129,000 from approximately S\$38,000 of net losses for the Corresponding Year to approximately S\$167,000 of net losses for the Current Year. Other losses mainly represent foreign exchange losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies and fair value loss on investment properties.

Selling and distribution expenses

Selling and distribution expenses decreased by approximately S\$65,000 from approximately S\$443,000 for the Corresponding Year to approximately S\$378,000 for the Current Year. The decrease of the costs was mainly attributable to lower employee benefit costs and business traveling expenses.

Administrative expenses

Administrative expenses decreased by approximately S\$1,798,000 from approximately S\$3,337,000 for the Corresponding Year to S\$1,539,000 for the Current Year. The decrease of administrative expenses was mainly due to one-off Transfer Listing expenses of approximately S\$1,522,000 in 2019 and lower statutory expenses, depreciation of property, plant and equipment, director fees and employee benefit costs.

PROFIT FOR THE YEAR

The Group reported profit was approximately S\$173,000 for the Current Year. The profit decreased by approximately S\$2,066,000, or 92.3% from approximately S\$2,239,000 for the Corresponding Year. By excluding the Transfer Listing expenses, the Group's net profit for the Corresponding Year would be approximately S\$3,761,000.

LIQUIDITY AND FINANCIAL RESOURCES

During the Current Year, the Group financed its operations by cash flow from operating activities. As at 31 December 2020, the Group had net current assets of approximately S\$21,547,000 (2019: S\$21,147,000) including cash and cash balances of approximately S\$20,639,000 (2019: S\$19,536,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 18.7 times as at 31 December 2020 (2019: 9.7 times). The increase in the current ratio was mainly due to the higher cash and bank balances as at 31 December 2020 compared to 31 December 2019.

The Group's operations were financed principally by revenues generated from business operations and available cash and bank balances. The Group did not have any debt as at 31 December 2020 (2019: NIL).

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately S\$10,300,000 after deducting Listing related expenses.

An analysis of the amount utilised up to 31 December 2020 is set out as follow:

	Planned use of net proceeds from the Listing Date to 31 December 2020 S\$'000	Actual utilised amount up to 31 December 2020 S\$'000	Unutilised net proceeds as at 31 December 2020 S\$'000	Revised allocation of unutilised net proceeds S\$'000	Updated expected timeline of full utilisation of the balance
Upgrade existing facilities, acquire new machinery and premises	5,160	4,160	1,000	1,000	End of 2022
Strengthen our sales and marketing efforts	1,760	1,010	750	750	End of 2022
Expand our product offerings	1,430	1,430	—	—	—
Upgrade and integrate of our information technology system	920	350	570	—	—
Working capital and general corporate use	1,030	1,030	—	570	End of 2022
	<u>10,300</u>	<u>7,980</u>	<u>2,320</u>	<u>2,320</u>	

The remaining net proceeds as at 31 December 2020 had been placed in interest-bearing deposits in bank in Singapore.

As at the date of this announcement, the Board did not anticipate any change to the plan as to the use of proceeds.

EMPLOYEE INFORMATION

As at 31 December 2020, the Group had 47 employees (2019: 57), comprising of 4 executive Directors (2019: 4), 2 senior managements (2019: 2), 6 administrative employees (2019: 9) and 35 technicians (2019: 42).

Our employees are remunerated according to their job scope and responsibilities. For our technicians in passenger vehicle 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 customers and enjoy a low employee turnover rate. We review the performance of our employees on a regular basis for salary and promotion appraisals.

Total staff costs, including directors' emolument, amounted to approximately S\$2,475,000 for the year ended 31 December 2020 (2019: S\$2,939,000).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

There was no material acquisition or disposal of subsidiaries and affiliated companies during the Current Year.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2020, leasehold properties with carrying values totalling S\$502,711 (2019: S\$545,285) were pledged to secure the Group's banking facilities.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore dollars. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S\$") and recognised assets and liabilities denominated in currencies other than S\$. The foreign currencies giving rise to this risk are primarily the Hong Kong Dollar ("HK\$"), the United States Dollar ("US\$") and Malaysia Ringgit ("MYR"). As at 31 December 2020, if the foreign currencies had weakened or strengthened by 10% against the S\$ with all other variables held constant, post-tax profit for the year 2020 would have been S\$70,000 (2019: S\$86,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances (2019: foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances).

COMMITMENTS

Non-cancellable operating lease where the Group is a lessor

The Group has entered into commercial property leases on its investment properties. These non-cancellable leases have remaining lease terms of between one and two years. All leases include a clause to enable upward revision of the rental charge on an annual basis based on prevailing market conditions.

Future minimum rental receivable under non-cancellable operating leases at the end of the reporting period are as follows:

	As at 31 December	
	2020	2019
	S\$	S\$
– No later than 1 year	126,300	112,400
– Later than 1 year and not later than 5 years	60,800	35,100
	<u>187,100</u>	<u>147,500</u>

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Current Year, there was no significant investment held by the Group.

CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors in the Current Year and up to the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 (“COVID-19 outbreak”) in early 2020, a series of precautionary and control measures have been and continued to be implemented in Singapore and Malaysia. The directors of the Company are of the view that if the pandemic continues, due to potential delays in the supply chain for purchase of inventories and potential decrease in sales, the Group’s financial results may be adversely impacted. Given the dynamic nature of the COVID-19 outbreak, the related impact on our Group’s consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage. Nonetheless, the Group will pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impact and take relevant measures.

SHARE OPTION SCHEME

A share option scheme (the “Share Option Scheme”) has been adopted by passing of written resolutions by the then shareholders of the Company and was effective on 23 June 2017. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. No share options have been granted under the Share Option Scheme since its effective date and up to the date of this announcement.

DIRECTORS’ SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. Having made specific enquiries of all the Directors, each of them has confirmed that he/she had complied with the required standard of dealings throughout the period from the Listing Date to the date of this announcement. No incident of non-compliance was noted by the Company during the Current Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY’S LISTED SECURITIES

The listed securities of the Company were listed on GEM on 13 July 2017 and were transferred to be listed on the Main Board of the Stock Exchange on 23 December 2019. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities after Listing and up to the date of this announcement.

COMPLIANCE WITH THE CORPORATE GOVERNANCE

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 14 to the Listing Rules (the “CG Code”).

Throughout the year ended 31 December 2020, to the best knowledge of the Board, the Company had complied with all the code provisions in the CG Code, save for the deviation from code provision A.2.1 as explained below:

Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive should be clearly established and set out in writing.

Given the current corporate structure, there is no separation between the roles of the chairman and the chief executive. Since October 1995, Mr. David Siew has been managing the Group's business and supervising the overall operations of the Group. The Directors believe that the vesting of the roles of chairman of the Board and chief executive in Mr. David Siew is beneficial to the business operations and management of the Group and will provide a strong and consistent leadership to the Group. Accordingly, the Company has not segregated the roles of the chairman and the chief executive as required by code provision A.2.1 of the CG Code.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Wednesday, 12 May 2021. A notice convening the AGM will be issued and published in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the entitlement of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 7 May 2021 to Wednesday, 12 May 2021, both dates inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Thursday, 6 May 2021.

DIVIDEND

The Board does not recommend the payment of final dividend for the Current Year.

AUDIT COMMITTEE

The audit committee of the Company (the "Audit Committee") has been established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provision C.3 of the CG Code. The Audit Committee consists of three independent non-executive Directors and is chaired by Mr. Gary Chan Ka Leung. The other members are Mr. Clarence Tan Kum Wah and Mr. Ng Chee Chin. The primary duties of the Audit Committee are to review and supervise the Company's financial reporting process and the internal control systems of the Group, and to monitor the continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2020 and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2020 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly TFW LLP ("Baker Tilly"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by Baker Tilly on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.thetomogroup.com, respectively. The annual report of the Company for the year ended 31 December 2020 containing the information required by the Listing Rules and the applicable laws will be dispatched to the shareholders of the Company in due course.

By Order of the Board
TOMO HOLDINGS LIMITED
Siew Yew Khuen
Chairman and Chief Executive Officer

Hong Kong, 24 March 2021

As at the date of this announcement, the Directors are:

Executive Directors

Mr. Siew Yew Khuen (*Chairman and Chief Executive Officer*)

Ms. Lee Lai Fong (*Compliance Officer*)

Mr. Siew Yew Wai

Mr. Zha Jianping

Independent non-executive Directors

Mr. Clarence Tan Kum Wah

Mr. Gary Chan Ka Leung

Mr. Ng Chee Chin