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## **TOMO Holdings Limited**

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

**(Stock Code: 8463)**

### **INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2017**

#### **CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET (“GEM”) OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**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 of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

*This announcement, for which the directors (the “Directors”) of TOMO Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquires, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material aspects and not misleading or deceptive and there are no other matters the omission of which would make any statement herein or this announcement misleading.*

*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 the Company’s website at [www.thetomogroup.com](http://www.thetomogroup.com).*

## **SUMMARY**

- The shares of the Company have been listed on the GEM of the Stock Exchange on 13 July 2017.
- The unaudited revenue of the Group amounted to approximately S\$6,737,000 for the six months ended 30 June 2017, representing an increase of approximately S\$419,000 or 6.6% as compared with the revenue of approximately S\$6,318,000 for the six months ended 30 June 2016.
- The unaudited loss of the Group was approximately S\$376,000 for the six months ended 30 June 2017 as compared to the profit of approximately S\$1,473,000 for the six months ended 30 June 2016.
- No interim dividend is recommended by the Board for the six months ended 30 June 2017.

## UNAUDITED INTERIM RESULTS

The board of Directors of the Company (the “Board”) is pleased to announce the unaudited condensed consolidated results of the Company and its subsidiaries (the “Group”) for the three months and six months ended 30 June 2017 together with the comparative figures for the corresponding periods in 2016 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2017

	Notes	Three months ended		Six months ended	
		30 June		30 June	
		2017	2016	2017	2016
		S\$	S\$	S\$	S\$
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue	4	<b>3,958,761</b>	3,651,082	<b>6,736,930</b>	6,318,330
Cost of sales	5	<b>(2,356,570)</b>	(2,210,877)	<b>(4,035,212)</b>	(3,910,371)
Gross profit		<b>1,602,191</b>	1,440,205	<b>2,701,718</b>	2,407,959
Other income		<b>4,259</b>	2,956	<b>34,869</b>	42,236
Other losses — net		<b>(7)</b>	(19,175)	<b>(478)</b>	(55,976)
Selling and distribution expenses	5	<b>(114,372)</b>	(115,583)	<b>(188,334)</b>	(213,015)
Administrative expenses	5	<b>(688,683)</b>	(193,757)	<b>(2,579,134)</b>	(405,936)
Finance cost — net		<b>27</b>	(573)	<b>54</b>	(546)
<b>Profit/(loss) before income tax</b>		<b>803,415</b>	1,114,073	<b>(31,305)</b>	1,774,722
Income tax expenses	6	<b>(209,169)</b>	(189,393)	<b>(345,081)</b>	(301,703)
<b>Profit and total comprehensive income/(loss) for the period attributable to owner of the Company</b>		<b><u>594,246</u></b>	<u>924,680</u>	<b><u>(376,386)</u></b>	<u>1,473,019</u>
		S\$	S\$	S\$	S\$
<b>Earnings per share</b>					
— Basic and diluted	8	<b><u>N/A</u></b>	<u>N/A</u>	<b><u>N/A</u></b>	<u>N/A</u>

## CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2017

	<i>Notes</i>	As at <b>30 June 2017</b> S\$ <i>(Unaudited)</i>	As at 31 December 2016 S\$ <i>(Audited)</i>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	9	1,068,057	1,077,489
Deferred tax assets		<u>4,000</u>	<u>4,000</u>
Total non-current assets		<u>1,072,057</u>	<u>1,081,489</u>
<b>Current assets</b>			
Trade and other receivables	10	4,449,358	2,925,580
Inventories		1,159,074	614,926
Cash and cash equivalents		1,503,799	5,210,089
Fixed deposits		<u>108,171</u>	<u>108,117</u>
Total current assets		<u>7,220,402</u>	<u>8,858,712</u>
<b>Total assets</b>		<u><b>8,292,459</b></u>	<u><b>9,940,201</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Share capital/Paid-in capital	11	—	200,000
Other reserve		200,000	—
Retained earnings		<u>4,758,627</u>	<u>8,135,013</u>
Total equity		<u>4,958,627</u>	<u>8,335,013</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	12	2,793,192	1,101,864
Current income tax liabilities		<u>540,640</u>	<u>503,324</u>
Total liabilities		<u>3,333,832</u>	<u>1,605,188</u>
<b>Total equity and liabilities</b>		<u><b>8,292,459</b></u>	<u><b>9,940,201</b></u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2017

	<i>Note</i>	<b>Share capital/ Paid-in capital</b> S\$ (Unaudited)	<b>Other reserve</b> S\$ (Unaudited)	<b>Retained earnings</b> S\$ (Unaudited)	<b>Total</b> S\$ (Unaudited)
<b>2017</b>					
At 1 January 2017		200,000	—	8,135,013	8,335,013
Comprehensive income					
— Loss for the period		—	—	(376,386)	(376,386)
Transactions with owners					
— Dividends	7	—	—	(3,000,000)	(3,000,000)
Issuance of shares and effect of the Reorganisation		<u>(200,000)</u>	<u>200,000</u>	<u>—</u>	<u>—</u>
<b>Balance as at 30 June 2017</b>		<b><u>—</u></b>	<b><u>200,000</u></b>	<b><u>4,758,627</u></b>	<b><u>4,958,627</u></b>
<b>2016</b>					
At 1 January 2016		200,000	—	7,118,927	7,318,927
Comprehensive income					
— Profit for the period		<u>—</u>	<u>—</u>	<u>1,473,019</u>	<u>1,473,019</u>
Balance as at 30 June 2016		<u>200,000</u>	<u>—</u>	<u>8,591,946</u>	<u>8,791,946</u>

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2017

	Six months ended 30 June	
	2017	2016
	S\$	S\$
	(Unaudited)	(Unaudited)
Net cash generated from operating activities	571,563	1,135,677
Net cash used in investing activities	(82,174)	(173,388)
Net cash used in financing activities	<u>(4,195,679)</u>	<u>(5,462)</u>
Net (decrease)/increase in cash and cash equivalents	(3,706,290)	956,827
Cash and cash equivalents at the beginning of the period	<u>5,210,089</u>	<u>4,500,616</u>
Cash and cash equivalents at the end of the period	<u><u>1,503,799</u></u>	<u><u>5,457,443</u></u>

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the six months ended 30 June 2017*

### 1. GENERAL INFORMATION

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands on 16 January 2017 under the Companies Law of the Cayman Islands. The shares of the Company have been listed on the GEM on 13 July 2017.

The Company's registered office is Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman KY1-1111, Cayman Islands and the principal place of business in Singapore of the Company is Block 3018, Bedok North Street 5, #02-08 Eastlink, Singapore 486132.

The Company is an investment holding company. 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 unaudited condensed consolidated financial information is presented in Singapore dollars (“S\$”), which is the same as the functional currency of the Company.

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 controlled by Mr. Siew Yew Khuen (“Mr. David Siew”) and Ms. Lee Lai Fong (“Ms. Lee”) collectively.

In preparation for listing of the Company's shares on the GEM, 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. David Siew and Ms. Lee.
- 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 of HK\$0.01 each. On the same date, one nil-paid ordinary share of the Company 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. David Siew and Ms. Lee, TOMO Enterprises and the Company entered into a sale and purchase agreement, pursuant to which, Ms. Lee and Mr. David Siew transferred 200,000 shares, representing the entire issued share capital of TOMO-CSE to TOMO Enterprises. The consideration thereof was satisfied by Ms. Lee and Mr. David Siew procuring (a) the allotment and issuance of ninety-nine (99) shares by the Company to TOMO Ventures (as the nominee of Ms. Lee and Mr. David Siew), was credited as fully-paid and (b) the initial share held by TOMO Ventures was credited as fully-paid.

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

## 2. BASIS OF PREPARATION

This condensed consolidated interim financial information for the six months ended 30 June 2017 has been prepared in accordance with IAS 34, “Interim financial reporting” issued by the International Accounting Standards Board (the “IASB”) and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated interim financial information should be read in conjunction with the Company’s combined financial statements for the year ended 31 December 2016, which have been prepared in accordance with International Financial Reporting Standards issued by the IASB, as set out in the prospectus of the Company dated 30 June 2017 (the “Prospectus”).

The companies now comprising the Group, were under the control of Mr. David Siew and Ms. Lee, immediately before and after the Reorganisation. For the purpose of this announcement, the financial results for the six months ended 30 June 2016 has been prepared on a combined basis.

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 statements of the companies now comprising the Group is presented using the carrying values of the Listing Business for all periods presented.

## 3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company’s combined financial statements for the year ended 31 December 2016, except as mentioned below.

### (a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group’s financial year beginning on 1 January 2017:

IAS 7 (Amendment)	Statement of Cash Flows: Disclosure Initiative
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses

The adoption of these amendments to standards did not result in a significant impact on the results and financial position of the Group.



**(b) New standards and amendments to standards that have been issued but are not effective**

The following new standards and amendments to standards have been issued, but are not effective for the Group's financial year beginning on 1 January 2017 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
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
IFRS 15	Revenue from Contracts with Customers	1 January 2018
IFRS 15 (Amendment)	Clarifications to IFRS 15	1 January 2018
IAS 40 (Amendment)	Investment Properties	1 January 2018
IFRS 16	Leases	1 January 2019
IFRS 17	Insurance Contracts	1 January 2021

The Group is in the process of making an assessment of the impact of these new standards and amendments to standards upon initial application but is not yet in a position to state whether these new standards and amendments to standards would have any significant impact on its results of operations and financial position.

**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 represents the business of supplying and installing passenger vehicle electronic accessories to passenger vehicle distributors and dealers. These passenger vehicle distributors and dealers are located in Singapore.

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

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

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

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Total	
	Six months ended		Six months ended		Six months ended	
	30 June		30 June		30 June	
	2017	2016	2017	2016	2017	2016
	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Segment revenue</b>	<b><u>2,335,197</u></b>	<b><u>2,085,869</u></b>	<b><u>4,401,733</u></b>	<b><u>4,232,461</u></b>	<b><u>6,736,930</u></b>	<b><u>6,318,330</u></b>
<b>Segment Profit</b>	<b>736,177</b>	<b>609,617</b>	<b>1,385,370</b>	<b>1,237,707</b>	<b>2,121,547</b>	<b>1,847,324</b>
Depreciation	(30,792)	(25,146)	(39,595)	(28,336)	(70,387)	(53,482)
Finance costs	—	(198)	—	(402)	—	(600)
<i>Unallocated expenses:</i>						
Depreciation					(21,269)	(18,520)
Listing expenses					<u>(2,061,196)</u>	<u>—</u>
(Loss)/profit before income tax					(31,305)	1,774,722
Income tax expenses					<u>(345,081)</u>	<u>(301,703)</u>
(Loss)/profit for the period					<b><u>(376,386)</u></b>	<b><u>1,473,019</u></b>
	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Total	
	As at		As at		As at	
	30 June	31 December	30 June	31 December	30 June	31 December
	2017	2016	2017	2016	2017	2016
	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Audited)	(Unaudited)	(Audited)	(Unaudited)	(Audited)
<b>Segment assets</b>	<b><u>513,291</u></b>	<b><u>390,459</u></b>	<b><u>1,011,153</u></b>	<b><u>563,832</u></b>	<b><u>1,524,444</u></b>	<b><u>954,291</u></b>
<i>Unallocated assets:</i>						
Cash and cash equivalents					1,503,799	5,210,089
Trade and other receivables					4,449,358	2,925,580
Property, plant and equipment					702,687	738,124
Others					<u>112,171</u>	<u>112,117</u>
Total assets					<b><u>8,292,459</u></b>	<b><u>9,940,201</u></b>
<b>Segment liabilities</b>	<b><u>514,230</u></b>	<b><u>133,736</u></b>	<b><u>350,279</u></b>	<b><u>201,496</u></b>	<b><u>864,509</u></b>	<b><u>335,232</u></b>
<i>Unallocated liabilities:</i>						
Trade and other payables					1,928,683	766,632
Current income tax liabilities					<u>540,640</u>	<u>503,324</u>
Total liabilities					<b><u>3,333,832</u></b>	<b><u>1,605,188</u></b>

The Group's revenue for the three months and six months ended 30 June 2016 and 30 June 2017 are as follows:

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Sales and installation of goods:</b>				
Passenger vehicle leather upholstery	1,409,930	1,241,797	2,335,197	2,085,869
Passenger vehicle electronic accessories	<u>2,548,831</u>	<u>2,409,285</u>	<u>4,401,733</u>	<u>4,232,461</u>
	<u><b>3,958,761</b></u>	<u><b>3,651,082</b></u>	<u><b>6,736,930</b></u>	<u><b>6,318,330</b></u>

## 5. EXPENSES BY NATURE

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Costs of inventories	1,843,097	1,769,534	3,063,374	3,055,960
Freight and forwarding charges	10,514	5,802	20,452	12,325
Employee benefit costs ( <i>Note a</i> )	630,552	548,549	1,212,483	1,042,967
Depreciation of property, plant and equipment	44,750	37,450	91,656	72,002
Rental expenses on operating lease	14,367	13,635	29,851	26,782
Commission	9,785	17,626	17,609	26,384
Entertainment	28,228	21,183	36,245	40,517
Motor vehicles expenses	11,984	9,508	23,625	18,958
Insurance	6,860	1,332	32,837	26,877
Travelling expenses	20,695	18,422	22,753	24,977
Advertisement	3,086	3,288	6,909	6,495
Auditor's remuneration	5,000	5,000	10,000	10,000
Warranty cost	38,232	36,139	66,026	63,487
Listing expenses	426,997	—	2,061,196	—
Other operating expenses	<u>65,478</u>	<u>32,749</u>	<u>107,664</u>	<u>101,591</u>
	<u><b>3,159,625</b></u>	<u><b>2,520,217</b></u>	<u><b>6,802,680</b></u>	<u><b>4,529,322</b></u>

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

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Directors:</b>				
Wages, salaries and allowances	141,598	145,707	283,195	298,006
Retirement benefit costs — defined contribution plans	<u>7,020</u>	<u>5,461</u>	<u>14,280</u>	<u>10,929</u>
	<u><b>148,618</b></u>	<u>151,168</u>	<u><b>297,475</b></u>	<u>308,935</u>
<b>Other employees:</b>				
Wages, salaries and allowances	415,723	336,085	785,928	642,456
Retirement benefit costs — defined contribution plans	<u>26,412</u>	<u>23,863</u>	<u>51,787</u>	<u>46,703</u>
Others	<u>39,799</u>	<u>37,433</u>	<u>77,293</u>	<u>44,873</u>
	<u><b>481,934</b></u>	<u>397,381</u>	<u><b>915,008</b></u>	<u>734,032</u>
	<u><b>630,552</b></u>	<u>548,549</u>	<u><b>1,212,483</b></u>	<u>1,042,967</u>

## 6. INCOME TAX EXPENSES

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax	209,169	189,393	345,081	299,253
Deferred income tax	<u>—</u>	<u>—</u>	<u>—</u>	<u>2,450</u>
	<u><b>209,169</b></u>	<u>189,393</u>	<u><b>345,081</b></u>	<u>301,703</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.

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Singapore corporate tax has been provided at the rate of 17% for the year 2017 (2016: 17%) on the chargeable income arising in Singapore during the period after offsetting any tax losses brought forward.

## 7. DIVIDENDS

	Three months ended 30 June		Six months ended 30 June	
	2017	2016	2017	2016
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Special dividends				
— declared and paid	<u>3,000,000</u>	<u>—</u>	<u>3,000,000</u>	<u>—</u>

No dividend was paid or proposed by the Company since its incorporation. On 15 June 2017, TOMO-CSE, a wholly-owned subsidiary of the Company declared a special dividend of S\$3,000,000 to its then shareholders, which was settled by cash on 20 June 2017.

## 8. EARNINGS PER SHARE

Loss/earnings per share information is not presented as its inclusion, for the purpose of this announcement, is not considered meaningful due to the Reorganisation and the presentation of the results for the six months ended 30 June 2017 on a combined basis as set out in Note 2.

## 9. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2017, the Group acquired property, plant and equipment of approximately S\$82,000 (30 June 2016: approximately S\$173,000).

	2017	2016
	S\$	S\$
	(Unaudited)	(Unaudited)
<b>Property, plant and equipment</b>		
<b>Net book value</b>		
At 1 January	1,077,489	1,061,110
Additions	82,224	173,388
Depreciation	<u>(91,656)</u>	<u>(72,002)</u>
At 30 June	<u>1,068,057</u>	<u>1,162,496</u>

## 10. TRADE & OTHER RECEIVABLES

	As at	As at
	30 June	31 December
	2017	2016
	S\$	S\$
	(Unaudited)	(Audited)
Trade receivables — third parties ( <i>Note a</i> ):	<u>3,500,573</u>	<u>2,375,558</u>
Rental and other deposits	5,603	6,103
Advance payment to suppliers	39,373	60,571
Prepayment of listing expenses	812,843	482,382
Prepayment of operating expenses	<u>90,966</u>	<u>966</u>
	<u>948,785</u>	<u>550,022</u>
	<u>4,449,358</u>	<u>2,925,580</u>

(a) Trade receivables — third parties

	As at <b>30 June</b> <b>2017</b> S\$ <i>(Unaudited)</i>	As at 31 December 2016 S\$ <i>(Audited)</i>
Trade receivables — third parties	3,500,573	2,375,558
Less: provision for impairment of trade receivables	<u>—</u>	<u>—</u>
	<u><b>3,500,573</b></u>	<u><b>2,375,558</b></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:

	As at <b>30 June</b> <b>2017</b> S\$ <i>(Unaudited)</i>	As at 31 December 2016 S\$ <i>(Audited)</i>
1 to 30 days	3,017,881	1,618,009
31 to 60 days	375,829	626,967
61 to 90 days	63,883	130,154
91 to 150 days	<u>42,980</u>	<u>428</u>
	<u><b>3,500,573</b></u>	<u><b>2,375,558</b></u>

As at 30 June 2017 and 31 December 2016, respective trade receivable of S\$482,692 and S\$757,549 were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

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

	As at <b>30 June</b> <b>2017</b> S\$ <i>(Unaudited)</i>	As at 31 December 2016 S\$ <i>(Audited)</i>
Not yet past due	3,017,881	1,618,009
<b>Past due but not impaired</b>		
1 to 30 days	375,829	626,967
31 to 60 days	63,883	130,154
Over 60 days	<u>42,980</u>	<u>428</u>
	<u><b>3,500,573</b></u>	<u><b>2,375,558</b></u>

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

The maximum exposure to credit risk in the financial period is the carrying value of the receivables mentioned above. The Group does not hold any collateral as security.

## 11. SHARE CAPITAL/PAID-IN CAPITAL

The paid-in capital of the Group as at 31 December 2016 represented the share capital of TOMO-CSE, a subsidiary of the Company. The share capital of the Group as at 30 June 2017 represented the share capital of the Company.

	Number of ordinary shares	Share capital S\$
<b>Authorised:</b>		
At 16 January 2017 (date of incorporation) ( <i>Note (i)</i> )	38,000,000	70,072
Increase in authorised share capital ( <i>Note (ii)</i> )	<u>9,962,000,000</u>	<u>17,752,196</u>
At 30 June 2017	<b><u>10,000,000,000</u></b>	<b><u>17,822,268</u></b>
<b>Issued and fully paid:</b>		
At 16 January 2017 (date of incorporation) ( <i>Note (i)</i> )	1	—
Issue of shares pursuant to Reorganisation ( <i>Note (iii)</i> )	<u>99</u>	<u>—</u>
At 30 June 2017	<b><u>100</u></b>	<b><u>—</u></b>

- (i) The Company was incorporated in the Cayman Islands under the Companies Law of the Cayman Island as an exempted company with limited liability on 16 January 2017 with an initial authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. 1 share was allotted and issued nil-paid to the subscriber on 16 January 2017, and was subsequently transferred to TOMO Ventures on the same day.
- (ii) Pursuant to the written resolution of the shareholders of the Company passed on 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 of 9,962,000,000 shares of HK\$0.01 each, each ranking *pari passu* with the shares then in issue in all respects.
- (iii) Pursuant to the Reorganisation and as consideration for the acquisition by the Company of the entire issued share capital of TOMO-CSE was transferred to TOMO Enterprises, in consideration of the Company (i) allotting and issuing an aggregate of 99 shares in its share capital, all credited as fully paid; (ii) crediting the initial share as fully paid in its share capital held in the name of TOMO Ventures; 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.

## 12. TRADE AND OTHER PAYABLES

	As at <b>30 June</b> <b>2017</b> S\$ <i>(Unaudited)</i>	As at 31 December 2016 S\$ <i>(Audited)</i>
Trade payables — third parties <i>(Note a)</i> :	<u>864,509</u>	<u>335,232</u>
<b>Other payables and accruals</b>		
Accrued operating expenses	65,606	188,602
Provision for warranty cost <i>(Note b)</i>	245,920	228,957
Accrued listing expenses	1,296,689	100,711
Goods and services tax payables	146,468	136,706
Others	<u>174,000</u>	<u>111,656</u>
	<u>1,928,683</u>	<u>766,632</u>
	<u><u>2,793,192</u></u>	<u><u>1,101,864</u></u>

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

### (a) Trade payables — third parties

As at 31 December 2016 and 30 June 2017, the aging analysis of the trade payables based on invoice date is as follows:

	As at <b>30 June</b> <b>2017</b> S\$ <i>(Unaudited)</i>	As at 31 December 2016 S\$ <i>(Audited)</i>
1 to 30 days	389,688	335,232
31 to 60 days	404,309	—
61 to 90 days	—	—
Over 90 days	<u>70,512</u>	<u>—</u>
	<u><u>864,509</u></u>	<u><u>335,232</u></u>

The carrying amounts of the Group's trade payables are denominated in S\$, 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 is as follows:

	2017 S\$ (Unaudited)	2016 S\$ (Unaudited)
At the beginning of the period	228,957	215,279
Provisions utilised	(49,063)	(197,712)
Provisions made	<u>66,026</u>	<u>211,390</u>
At the end of the period	<u><u>245,920</u></u>	<u><u>228,957</u></u>

### 13. RELATED PARTY TRANSACTIONS

The Directors are of the view that the following individuals were related parties that had material transactions or balances with the Group during the periods ended 30 June 2016 and 30 June 2017:

Name of the related party	Relationship with the Group
Mr. Siew Yew Khuen	A substantial shareholder and executive director of the Company
Ms. Lee Lai Fong	A substantial 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 in elsewhere in the interim condensed consolidated financial information, the following set out the significant transactions carried out between the Group and its related parties in the ordinary course of business during the periods ended 30 June 2016 and 30 June 2017.

(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 5(a).

## **MANAGEMENT DISCUSSION AND ANALYSIS**

### **BUSINESS REVIEW**

The Group is principally engaged in providing supply and installation services of leather upholstery and electronic accessories for passenger vehicles in Singapore. The shares of the Company were successfully listed on the GEM by way of share offer (the “Share Offer”) on 13 July 2017.

The passenger vehicle market conditions in Singapore will continue to be challenging due to an expected fall in number of newly registered vehicles in 2017. Despite the uncertainty, the Directors remain cautiously optimistic of the outlook for the Group in 2017, as we have established long standing and well-established relationships with many of our customers in Singapore.

### **PROSPECTS**

Despite the economic downturn in Singapore and the global uncertainty, the Group will continue to strive to achieve its business objectives as stated in Prospectus. The Group will focus on maintaining its leading position in the Singapore market, while seeking new business opportunities to expand its product offerings and services.

### **FINANCIAL REVIEW**

#### **Revenue**

Total revenue of the Group for the six months ended 30 June 2017 (the “Current Period”) was approximately S\$6,737,000 as compared to approximately S\$6,318,000 for the six months ended 30 June 2016 (the “Corresponding Period”), representing an increase of approximately S\$419,000 or 6.6%. Such increase was attributable to the increase in the demand of leather upholstery and safety and security accessories.

#### **Gross profit**

As a result of increase in sales, the Group’s gross profit risen by approximately S\$294,000 or 12.2% from approximately S\$2,407,000 for the six months ended 30 June 2016 to approximately S\$2,701,000 for the six months ended 30 June 2017. Despite the economic slowdown, the Group still succeeded in maintaining the gross profit margin of approximately 40.1% for the six months ended 30 June 2017 which is close to approximately 38.1% for the six months ended 30 June 2016. It was mainly due to reduction of direct material cost and also the ability of the Group for maintaining in its selling prices despite the economic slowdown.

#### **Other income**

Other income has decreased by approximately S\$7,000 from approximately S\$42,000 for the six months ended 30 June 2016 to approximately S\$35,000 for the six months ended 30 June 2017. Such decrease was mainly due to lower Singapore government incentives granted under the Wages Credit Scheme.

### **Other losses — net**

Other losses have decreased by approximately S\$55,500 from approximately S\$56,000 for the six months ended 30 June 2016 to approximately S\$500 for the six months ended 30 June 2017. Other losses mainly represent foreign exchange losses resulted from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

### **Selling and distribution costs**

Selling and distribution costs have decreased by approximately S\$25,000 from approximately S\$213,000 for the six months ended 30 June 2016 to approximately S\$188,000 for the six months ended 30 June 2017. The decrease of the costs was mainly attributable to lower entertainment expenses, commissions and employee benefit costs.

### **Administrative expenses**

Administrative expenses increased by approximately S\$2,173,000 from approximately S\$406,000 for the six months ended 30 June 2016 to S\$2,579,000 for the six months ended 30 June 2017. The increase of administrative expenses was mainly due to our business expansion as well as an increase of payment of professional fees due to listing of the Company's shares on the Stock Exchange and increase in employee benefit costs by approximately S\$90,000.

### **(LOSS)/PROFIT FOR THE PERIOD**

The Group reported loss of approximately S\$376,000 for the six months ended 30 June 2017. The profit decreased by approximately S\$1,849,000 from approximately S\$1,473,000 for the Corresponding Period. By excluding the listing expenses, the Group's net profit for the six months ended 30 June 2017 would be approximately S\$1,774,000.

### **LIQUIDITY AND FINANCIAL RESOURCES**

During the Current Period, the Group financed its operations by cash flow from operating activities. As at 30 June 2017, the Group had net current assets of approximately S\$3,887,000 (31 December 2016: S\$7,254,000) including cash and cash equivalents of approximately S\$1,504,000 (31 December 2016: S\$5,210,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 2.2 times as at 30 June 2017 (31 December 2016: 5.5 times). The decrease in the current ratio was mainly due to the lower balances of cash and cash equivalents as at 30 June 2017 compared to 31 December 2016. The decrease in cash and cash equivalents was mainly due to payment of special dividend of S\$3.0 million in June 2017.

The Group's operations were financed principally by revenues generated from business operations and available cash and cash equivalents. The Group did not have any debt as at 30 June 2017 (31 December 2016: NIL).

## **EMPLOYEE INFORMATION**

As at 30 June 2017, the Group had an aggregate of 54 employees (30 June 2016: 49), comprising of 3 executive Directors (30 June 2016: 3), 3 senior managements (30 June 2016: 2), 5 administrative employees (30 June 2016: 5) and 43 technicians (30 June 2016: 39).

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, based on their work performance. We also believe in promoting internally as this boosts employee morale and encourages employee retention. We review the performance of our employees on a regular basis for salary and promotion appraisals.

Total staff costs amounted to approximately S\$1,212,000 for the six months ended 30 June 2017 (30 June 2016: S\$1,043,000).

## **MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES**

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

## **CHARGES ON THE GROUP'S ASSETS**

The Group did not arrange any charge of assets with any financial institution in Singapore and Hong Kong as at 30 June 2017 (31 December 2016: NIL).

## **FOREIGN EXCHANGE EXPOSURE**

The turnover and business costs of the Group were principally denominated in S\$. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than 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 financial reporting periods and no financial instrument for hedging was employed.

## COMMITMENTS

The Group leases office premise from third party under non-cancellable operating lease agreement.

The future aggregate minimum lease payments under non-cancellable operating lease in respect of office premise is as follows:

	<b>As at 30 June 2017 S\$ (Unaudited)</b>	<b>As at 31 December 2016 S\$ (Audited)</b>
Within 1 year	<b>40,860</b>	39,004
More than 1 year and not later than 5 years	<b><u>29,064</u></b>	<b><u>50,178</u></b>

Minimum lease payments for office premise recognised as an expense for the period ended 30 June 2017 amounted to S\$19,258 (30 June 2016: S\$17,794).

There was no option for renewal of the tenancies. The Group has no other material commitments as at 31 December 2016 and 30 June 2017.

## CONTINGENT LIABILITIES

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

## EVENT AFTER THE REPORTING PERIOD

The share of the Company was successfully listed on the GEM by way of Share Offer on 13 July 2017. Pursuant to the Share Offer, 112,500,000 new shares of the Company comprising of 30,528,000 shares by public offer and 81,972,000 shares by placing have been issued on 13 July 2017 at the offer price of HK\$0.73 per share.

Up to the date of this announcement, there was no significant event relevant to the business or financial performance of the Group that come to the attention of the Directors after the Current Period.

## USE OF PROCEEDS

The net proceeds from the Share Offer was approximately HK\$59.1 million. The Company intends to apply

- (i) approximately 50.1% of the net proceeds, or approximately HK\$29.6 million, to upgrade and renovation of our current workshop facilities, acquisition of new machinery and acquisition of new premises;

- (ii) approximately 17.1% of the net proceeds, or approximately HK\$10.1 million, for advertising, branding and marketing activities for expansion of customer base;
- (iii) approximately 13.8% of the net proceeds, or approximately HK\$8.2 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;
- (iv) approximately 9.0% of the net proceeds, or approximately HK\$5.3 million, for upgrading of our current information technology system to enhance our overall efficiency; and
- (v) approximately 10.0% of the net proceeds, or approximately HK\$5.9 million, to be used as working capital and funding for other general corporate purposes.

Up to the date of this announcement, approximately HK\$500,000 has been deployed for the upgrading of our current information technology system of the Group.

## **CORPORATE GOVERNANCE AND OTHER INFORMATION**

### **INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION**

As at 30 June 2017, the shares of the Company were not listed on the Stock Exchange. The respective Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the “SFO”), Section 352 of the SFO and Rules 5.46 to 5.67 of the GEM Listing Rules were not applicable to the Company.

As at the date of this announcement, the interests and short positions in the shares, underlying shares and debentures of the Company or any associated corporation (within the meaning of Part XV of the SFO) held by the Directors and chief executives of the Company (the “Chief Executives”) which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have under such provisions of the SFO) or have been entered in the register maintained by the Company pursuant to section 352 of the SFO, or as otherwise have been notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules are as follows:

Long position in ordinary shares of HK\$0.01 each of the Company

<b>Name of directors</b>	<b>Capacity/ Nature of interests (Note 1)</b>	<b>Number of shares held</b>	<b>Percentage of shareholding (Note 2)</b>
Mr. David Siew	Interest of a controlled corporation	337,500,000 (L)	75.0%
Ms. Lee	Interest of a controlled corporation	337,500,000 (L)	75.0%

“L” represents long position

*Notes:*

1. The entire issued share capital of TOMO Ventures is legally and beneficially owned as to 51.0% by Ms. Lee and as to 49.0% by Mr. David Siew. Accordingly, Ms. Lee and Mr. David Siew are deemed to be interested in 337,500,000 shares of the Company 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 of the Company they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.
2. The percentage is calculated on the basis of 450,000,000 shares of the Company in issue as at the date of this announcement.

Save as disclosed above, as at the date of this announcement, none of the Directors or Chief Executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

## **INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS OF THE COMPANY IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY**

As at 30 June 2017, the shares of the Company were not listed on the Stock Exchange. The respective Divisions 2 and 3 of Part XV of the SFO and Section 336 of the SFO were not applicable to the Company.

So far as the Directors are aware, as at the date of this announcement, other than the Directors and the Chief Executives, no substantial shareholders are noted will have or be deemed or taken to have an interest and/or short position in the shares or the underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which would be recorded in the register of the Company required to be kept under section 336 of the SFO, or who will be, directly or indirectly, to be interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of the Company or any other members of the Group

As at the date of this announcement, according to the register of interests required to be kept by the Company under section 336 of the SFO, there was no person or corporation (other than the Directors and the Chief Executives) who had any interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

## **SHARE OPTION SCHEME**

A share option scheme (the “Share Option Scheme”) was adopted by the 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. During the period from 23 June 2017 to the date of this announcement, no share options were granted by the Company.

## **RIGHTS TO ACQUIRE SHARES OR DEBENTURES**

Save as disclosed under the paragraphs headed “INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVES OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION” and “SHARE OPTION SCHEME” in this announcement, at no time during the six months ended 30 June 2017 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## **COMPETING INTERESTS**

As at the date of this announcement, none of the Directors, the substantial shareholders of the Company and their respective associates (as defined in the GEM Listing Rules) has any interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group.



## **COMPLIANCE ADVISER’S INTERESTS**

As at the date of this announcement, save and except for the compliance adviser’s agreement entered into between the Company and Fortune Financial Capital Limited (the “Compliance Adviser”) dated 7 March 2017, neither the Compliance Adviser nor its directors, employees or close associates had any interests in relation to the Company which is required to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

## **DIRECTORS’ SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings (the “Required Standard of Dealing”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them has confirmed that they have complied with the Required Standard of Dealings throughout the period from 13 July 2017, the date of listing of the shares of the Company on the GEM (the “Listing Date”), to the date of this announcement. No incident of non-compliance was noted by the Company during such period.

## **PURCHASE, SALE OR REDEMPTION OF SHARES**

The issued shares of the Company were listed on the GEM on 13 July 2017. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities after the Listing Date 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 15 to the GEM Listing Rules (the “CG Code”).

Throughout the six months ended 30 June 2017, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provisions A.2.1 as explained below:

Pursuant to A.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. The division of responsibilities between the chairman and chief executive officer 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 officer of the Company. 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 officer of the Company 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 of the Board and the chief executive officer of the Company as required by A.2.1 of the CG Code.

### **INTERIM DIVIDEND**

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2017.

### **AUDIT COMMITTEE**

The audit committee of the Company (the “Audit Committee”) has been established with written terms of reference in compliance with Rules 5.28 and 5.29 of the GEM Listing Rules and code provision C.3.3 of the CG Code. The Audit Committee currently comprises three independent non-executive Directors and is chaired by Mr. Gary Chan Ka Leung. The other members of the Audit Committee are Mr. Clarence Tan Kum Wah and Mr. Lim Cher Hong. The primary duty of the Audit Committee is to review and supervise the Company’s financial reporting process, the internal control systems of the Group and the monitoring of continuing connected transactions. All members of the Audit Committee are appointed by the Board.

The Audit Committee had reviewed the unaudited consolidated results of the Group for the six months ended 30 June 2017 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 8 August 2017

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

*Independent Non-executive Directors*

Mr. Clarence Tan Kum Wah

Mr. Gary Chan Ka Leung

Mr. Lim Cher Hong

*This announcement will remain on the “Latest Company Announcements” page of the GEM website ([www.hkgem.com](http://www.hkgem.com)) for at least 7 days from the date of its publication and be published on the website of the Company ([www.thetomogroup.com](http://www.thetomogroup.com)).*