TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8463)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2017

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized 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 characteristic of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given that companies listed on GEM are generally small and mid-sized companies, 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.

SUMMARY

- The revenue of the Company and its subsidiaries (collectively the "Group") amounted to approximately S$14,534,000 for the year ended 31 December 2017, representing an increase of approximately S$1,452,000 or 11.1% as compared with the year ended 31 December 2016.
- The profit for the year of the Group was approximately S$401,000 for the year ended 31 December 2017 as compared to the profit of approximately S$3,016,000 for the year ended 31 December 2016. By excluding the listing expenses, the Group's total comprehensive income for the year ended 31 December 2017 would be approximately S$2,972,000.
- Basic and diluted profit per share was S$0.10 cents for the year ended 31 December 2017 compared to basic and diluted profit per share of S$0.89 cents for the year ended 31 December 2016.
- No final dividend is recommended by the Board for the year ended 31 December 2017.

ANNUAL RESULTS

The board of Directors (the "Board") of the Company is pleased to announce the consolidated results of the Company and its subsidiaries (the "Group") for the financial year ended 31 December 2017 (the "Current Year") together with the comparative figures for the financial year ended 31 December 2016 (the "Corresponding Year") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2017

		Year ended 31 December	
		2017	2016
	Notes	***S$***	*S$*
Revenue	*4*	**14,534,289**	13,081,710
Cost of sales	*5*	**(8,597,194)**	(7,831,869)
Gross profit		**5,937,095**	5,249,841
Other income		**38,525**	60,516
Other losses — net		**(396,376)**	(80,893)
Selling and distribution expenses	*5*	**(361,096)**	(426,557)
Administrative expenses	*5*	**(4,109,176)**	(1,154,938)
Finance income/(cost) — net		**6,862**	(2,883)
Profit before income tax		**1,115,834**	3,645,086
Income tax expense	*6*	**(714,621)**	(629,000)
Profit for the year		**401,213**	3,016,086
Profit and total comprehensive income for the year attributable to equity holders of the Company		**401,213**	3,016,086
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (S$ cents)	*8*	**0.10**	0.89

CONSOLIDATED BALANCE SHEET

As at 31 December 2017

		As at 31 December	
		2017	2016
	Notes	***S$***	*S$*
ASSETS			
Non-current assets			
Property, plant and equipment		**1,151,833**	1,077,489
Deferred tax assets		**—**	4,000
		1,151,833	1,081,489
Current assets			
Inventories		**1,046,148**	614,926
Trade and other receivables	*9*	**3,160,236**	2,925,580
Fixed deposits		**6,494,172**	108,117
Cash and cash equivalents		**9,001,040**	5,210,089
		19,701,596	8,858,712
Total assets		**20,853,429**	9,940,201
EQUITY AND LIABILITIES			
Capital and reserves attributable to equity holders of the company			
Share capital/paid-in capital	*10*	**793,357**	200,000
Share premium		**12,398,264**	—
Other reserve		**200,000**	—
Retained earnings		**5,536,226**	8,135,013
Total equity		**18,927,847**	8,335,013

		As at 31 December	
		2017	2016
	Notes	***S$***	*S$*
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities		**13,000**	—
Current liabilities			
Trade and other payables	*11*	**1,323,680**	1,101,864
Current income tax liabilities		**588,902**	503,324
		1,912,582	1,605,188
Total liabilities		**1,925,582**	1,605,188
Total equity and liabilities		**20,853,429**	9,940,201

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2017

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 was registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong) (the "**Companies Ordinance**") on 16 February 2017. 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, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands, the headquarter and 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) design, manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of vehicle electronic accessories (the "Listing Business"). These consolidated financial statements are presented in Singapore dollars ("S$"), unless otherwise stated.

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 380,000 Hong Kong Dollar ("HK$") 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. 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 was satisfied by Ms. Lee and Mr. David Siew procuring (a) the allotment and issuance of 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.

e. Pursuant to the written resolutions of the Company passed on 23 June 2017 by the then shareholders, upon completion of the share offer, the Company was authorised to capitalise a sum of approximately S$595,018 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 337,499,900 ordinary shares of the Company (the "Capitalisation Issue").

f. In connection with the listing of the shares of the Company on the GEM (the "**Listing**") by way of share offer at the offer price of HK$0.73 per share (the "**Share Offer**"), 112,500,000 shares of HK$0.01 each were issued at the offer price of HK$0.73 with gross proceeds of S$14,478,764. S$198,339 was credited to the share capital account and S$12,993,282 (net of share issuing expenses of S$1,287,143) was credited to the share premium account.

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

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 Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention.

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 2017, except as mentioned below.

(a) Effect of adopting amendments to standards

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 January 2017:

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

The adoption of the above amendments to standards did not have any significant financial impact on these consolidated financial statements.

(b) New standards, interpretations and amendments to standards which 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:

		Effective for annual periods beginning on or after	*Note*
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	
IAS 28 (Amendment)	Investment in associates and joint ventures	1 January 2018	
IAS 40 (Amendment)	Transfers of Investment Properties	1 January 2018	
IFRS 1 (Amendment)	First time adoption of IFRS	1 January 2018	
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	
IFRIC 22	Foreign Currency Transactions and advance consideration	1 January 2018	
IFRS 9 (Amendment)	Prepayment Features with Negative compensation	1 January 2019	
IFRIC 23	Uncertainty over Income Tax Treatments	1 January 2019	
IFRS 16	Leases	1 January 2019	*iii*
IFRS 17	Insurance Contracts	1 January 2021	

The Group will apply the above new standards, interpretations and amendments to standards when they become effective. The Group has commenced an assessment of the expected impact of the IFRS 9, IFRS 15 and IFRS 16 as set out below. The rest of the new standards, interpretations and amendments to standards are not expected to have a significant effect on the consolidated financial statements of the Group.

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 year ended 31 December 2017, 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 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 2.14(a) of the consolidated financial statements. 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 result of operations. Meanwhile, there will be additional disclosure requirement under IFRS 15 upon its adoption.

Note iii:

IFRS 16 "Leases" — The Group is a lessee of its offices premises and staff accommodation which are currently classified as operating leases. The Group's future operating lease commitments as at 31 December 2017 amounted to S$50,178. 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 sheets. Instead, all long-term leases must be recognised in the balance sheets 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.

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 before income tax. The adjusted profit before income tax is measured consistently with the Group's profit 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 31 December		**Passenger vehicle electronic accessories 31 December**		**Total 31 December**	
	2017	2016	**2017**	2016	**2017**	2016
	S$	*S$*	***S$***	*S$*	***S$***	*S$*
Segment revenue	**5,318,452**	4,482,232	**9,215,837**	8,599,478	**14,534,289**	13,081,710
Segment Profit	**1,424,686**	1,405,495	**2,468,962**	2,692,159	**3,893,648**	4,097,654
Depreciation	**(66,288)**	(55,020)	**(80,884)**	(62,328)	**(147,172)**	(117,348)
Finance costs	**—**	(1,026)	**—**	(1,966)	**—**	(2,992)
Unallocated expenses:						
Depreciation					**(59,753)**	(39,661)
Listing expenses					**(2,570,889)**	(292,567)
Profit before income tax					**1,115,834**	3,645,086
Income tax expense					**(714,621)**	(629,000)
Profit for the year					**401,213**	3,016,086

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Total	
	31 December		31 December		31 December	
	2017	2016	**2017**	2016	**2017**	2016
	S$	*S$*	***S$***	*S$*	***S$***	*S$*
Segment assets	**361,542**	390,459	**1,063,607**	563,832	**1,425,149**	954,291
Unallocated assets:						
Cash and cash equivalents					**9,001,040**	5,210,089
Trade and other receivables					**3,160,236**	2,925,580
Property, plant and equipment					**690,244**	738,124
Fixed deposits					**6,494,172**	108,117
Others					**82,588**	4,000
Total assets					**20,853,429**	9,940,201
Additions to property, plant and equipment	**62,122**	45,338	**96,326**	78,492	**158,448**	123,830
Segment liabilities	**154,422**	133,736	**340,486**	201,496	**494,908**	335,232
Unallocated liabilities:						
Other payables and accruals					**828,772**	766,632
Current income tax liabilities					**588,902**	503,324
Deferred tax liabilities					**13,000**	—
Total liabilities					**1,925,582**	1,605,188

The Group's revenue are as follows:

	Year ended 31 December	
	2017	2016
	S$	*S$*
Sales and installation of goods:		
Passenger vehicle leather upholstery	**5,318,452**	4,482,232
Passenger vehicle electronic accessories	**9,215,837**	8,599,478
	14,534,289	13,081,710

5. EXPENSES BY NATURE

	Year ended 31 December	
	2017	2016
	S$	*S$*
Costs of inventories	**6,446,405**	5,901,115
Freight and forwarding charges	**32,798**	26,799
Employee benefit costs	**2,777,732**	2,280,305
Depreciation of property, plant and equipment	**206,925**	157,009
Rental expenses on operating lease	**64,005**	54,052
Commission	**34,294**	58,367
Entertainment	**69,547**	79,197
Motor vehicles expenses	**48,461**	38,643
Insurance	**63,373**	42,346
Travelling expenses	**16,205**	43,319
Advertisement	**16,294**	12,763
Auditor's remuneration		
— Audit services	**150,000**	20,000
Legal and professional fees	**157,149**	1,020
Write-off of inventories	**5,792**	17,631
Provision for warranty cost	**231,328**	211,390
Listing expenses	**2,570,889**	292,567
Other operating expenses	**176,269**	176,841
Total cost of sales, selling and distribution expenses and administrative expenses	**13,067,466**	9,413,364

6. INCOME TAX EXPENSE

The Company was 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 2017 (2016: 17%).

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

	Year ended 31 December	
	2017	2016
	S$	*S$*
Income tax:		
— Current income tax	**654,000**	621,000
— Under provision in prior years	**43,621**	—
	697,621	621,000
Deferred income tax:		
— Deferred income tax	**14,000**	8,000
— Under provision in prior years	**3,000**	—
	17,000	8,000
Income tax expense	**714,621**	629,000

7. DIVIDENDS

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

Dividends during each of the years ended 31 December 2016 and 2017 represented dividends declared by the remaining companies now comprising the Group to the then equity holders of the respective companies for each of the years ended 31 December 2016 and 2017. 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.

8. EARNINGS PER SHARE

	Year ended 31 December	
	2017	2016
Profit attributable to equity holders of the Company (S$)	**401,213**	3,016,086
Weighted average number of ordinary shares in issue	**390,514,000**	337,500,000
Basic and diluted earnings per share (S$ cents)	**0.10**	0.89

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share has been determined on the assumption that the Reorganisation and Capitalisation Issue as described in Note 1 had been effective from 1 January 2016.

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. The number of ordinary shares for the purpose of basic earnings per share for the years ended 31 December 2016 and 2017 is based on the assumption that 337,500,000 ordinary shares of the Company are in issue and issuable, as if the Reorganisation was effective on 1 January 2016.

Diluted earnings per share are same as basic earnings per share due to the absence of dilutive potential ordinary shares during the years ended 31 December 2016 and 2017.

9. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2017	2016
	S$	*S$*
Trade receivables *(Note a)*:		
— Third parties	**3,027,091**	2,375,558
Deposits, prepayments and other receivables:		
— Rental and other deposits	**5,803**	6,103
— Advance payment to suppliers	**120,275**	60,571
— Prepayment of listing expenses	**—**	482,382
— Prepayment of operating expenses	**353**	966
— Interest receivable	**6,714**	—
	133,145	550,022
	3,160,236	2,925,580

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	
	2017	2016
	S$	*S$*
Unbilled revenue	**516,848**	508,310
1 to 30 days	**1,215,179**	1,109,699
31 to 60 days	**1,157,195**	626,967
61 to 90 days	**115,859**	130,154
Over 90 days	**22,010**	428
	3,027,091	2,375,558

As at 31 December 2017, trade receivables of S$1,295,064 (2016: S$757,549) were past due but not impaired. These relate to a number of independent customers for whom there is no significant financial difficulty and based on past experience, the overdue amounts can be recovered.

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

	As at 31 December	
	2017	2016
	S$	*S$*
Not yet past due	**1,732,027**	1,618,009
Past due but not impaired		
1 to 30 days	**1,157,195**	626,967
31 to 60 days	**115,859**	130,154
Over 60 days	**22,010**	428
	3,027,091	2,375,558

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

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

10. SHARE CAPITAL/PAID-IN CAPITAL AND SHARE PREMIUM

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

	Number of ordinary shares	**Share capital**	**Share premium**
		S$	*S$*
Authorised:			
At 16 January 2017 (date of incorporation) *(Note a)*	38,000,000	70,072	—
Increase in authorised share capital *(Note b)*	9,962,000,000	17,752,196	—
	10,000,000,000	17,822,268	—
Issued and fully paid:			
At 16 January 2017 (date of incorporation) *(Note a)*	1	—	—
Issue of shares pursuant to Reorganisation *(Note c)*	99	—	—
Shares issued pursuant to Capitalisation Issue *(Note d)*	337,499,900	595,018	(595,018)
New Shares issued pursuant to the Share Offer *(Note e)*	112,500,000	198,339	12,993,282
	450,000,000	793,357	12,398,264

(a) 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.

(b) 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.

(c) 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.

(d) Pursuant to the written resolutions of the Company passed on 23 June 2017 by the then shareholders, upon completion of the Share Offer, the Company was authorised to capitalise a sum of approximately S$595,018 from the amount standing to the credit of the share premium account of the Company and applied such amount to pay up in full at par of 337,499,900 ordinary shares of the Company (the "Capitalisation Issue").

(e) In connection with the Listing, 112,500,000 shares of HK$0.01 each of the Company were issued at the offer price of HK$0.73 with gross proceeds of S$14,478,764. S$198,339 was credited to the share capital account and S$12,993,282 (net of share issuing expenses of S$1,287,143) was credited to the share premium account.

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

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2017	2016
	S$	*S$*
Trade payables *(Note a)*:		
— Third parties	**494,908**	335,232
Other payables and accruals		
— Accrued operating expenses	**375,798**	188,602
— Provision for warranty cost *(Note b)*	**281,003**	228,957
— Accrued listing expenses	**—**	100,711
— Goods and services tax payables	**168,349**	136,706
— Others	**3,622**	111,656
	828,772	766,632
	1,323,680	1,101,864

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

(a) Trade payables

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

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

	As at 31 December	
	2017	2016
	S$	*S$*
1 to 30 days	**491,787**	335,232
31 to 60 days	**3,121**	—
	494,908	335,232

The Group's trade payables are denominated in the following currencies:

	As at 31 December	
	2017	2016
	S$	*S$*
S$	**492,685**	321,167
US$	**—**	1,451
MYR	**2,223**	12,614
	494,908	335,232

(b) Provision for warranty cost

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

	2017	2016
	S$	*S$*
At 1 January	**228,957**	215,279
Provisions utilised	**(179,282)**	(197,712)
Provisions charged to the consolidated statement of comprehensive income	**231,328**	211,390
At 31 December	**281,003**	228,957

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

To alleviate the traffic congestion, Singapore government controls the total number of vehicles in use by limiting the Certificate of Entitlement ("COE") quota. From 2011 to 2013, the COE quota was reduced due to declining number of deregistered passenger vehicles and thus resulted in higher COE premiums. From 2014 to 2017, there was a marked increase in the number of deregistered as well as newly registered passenger vehicles. In 2017, the number of newly registered passenger vehicles increased by approximately 5.0% from 87,504 units in 2016 to 91,922 units. This is mainly due to the high number of passenger vehicles reaching their ten-year COE period and have to be deregistered to make way for a new replacement COE.

The Singapore government has plans to achieve zero growth rate for the population of the cars and motorcycles from February 2018 pared down from 0.25% in 2017. The Directors understand that the zero growth rate will not have a significant impact on the COE quota and premium as COE quota is largely determined by the number of deregistered vehicles. The number of passenger vehicles reaching their ten-year COE period will remain high in 2018. The Land Transport Authority projected newly registered passenger vehicles will reach 81,258 unites for 2018.

The Group achieved satisfactory result in 2017, showing improved revenue offset by administrative expenses including one-off listing expenses and legal and professional fees. The Group's revenue for the year increased by 11.1% to approximately S$14,534,000. Profit attributable to shareholders was 86.7% down at approximately S$401,000 as compared to approximately S$3,016,000 in 2016, after accounting for a one-off listing expenses of approximately S$2,571,000 and foreign exchange loss due to depreciation of HK$ against S$ of approximately S$397,000. By excluding the listing expenses, the Group's net profit for the year ended 31 December 2017 would be approximately S$2,972,000.

Despite the uncertainty and increased competition in the industry, the Directors remain cautiously optimistic of the outlook for the Group in 2018.

PROSPECTS

Notwithstanding the economic downturn in Singapore and the global uncertainty, the Group and the Directors will continue to strive to achieve its business objectives as stated in the prospectus issued by the Company dated 30 June 2017 (the "**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 year ended 31 December 2017 was approximately S$14,534,000 as compared to approximately S$13,082,000 for the year ended 31 December 2016, representing an increase of approximately 11.1%. 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 increased by approximately S$687,000 or 13.1% from approximately S$5,250,000 for the Corresponding Year to approximately S$5,937,000 for the Current Year. Despite the economic slowdown, the Group still succeeded in improving the gross profit margin of approximately 40.8% for the year ended 31 December 2017 which was higher than the gross profit margin for the year ended 31 December 2016, which was approximately 40.1%. It was mainly due to reduction of direct material cost and also the ability of the Group to maintain in its selling prices despite the economic slowdown.

Other income

Other income had decreased by approximately S$22,000 from approximately S$61,000 for the year ended 31 December 2016 to approximately S$39,000 for the year ended 31 December 2017. Such decrease was mainly relating to lower Singapore government incentives granted under the Wages Credit Scheme, Special Employment Credit and Production and Innovation Credit Bonus.

Other losses — net

Other losses had increased by approximately S$315,000 from approximately S$81,000 for the year ended 31 December 2016 to approximately S$396,000 for the year ended 31 December 2017. Other losses mainly represent foreign exchange losses resulted 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.

Selling and distribution expenses

Selling and distribution expenses had decreased by approximately S$66,000 from approximately S$427,000 for the year ended 31 December 2016 to approximately S$361,000 for the year ended 31 December 2017. The decrease of the costs was mainly attributable to lower entertainment expenses, commissions and traveling expenses.

Administrative expenses

Administrative expenses increased by approximately S$2,954,000 from approximately S$1,155,000 for the year ended 31 December 2016 to S$4,109,000 for the year ended 31 December 2017. The increase of administrative expenses was mainly due to the increase payment of professional fees in relation to the Listing and the increase in employee benefit costs.

Profit for the year

Our Group reported profit of approximately S$401,000 for the Current Year. The profit decreased by approximately S$2,615,000, or 86.7% from approximately S$3,016,000 for the Corresponding Year. By excluding the Listing expenses, the Group's net profit for the year ended 31 December 2017 would be approximately S$2,972,000.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group comprises ordinary shares only.

As at 31 December 2017, the Group had net current assets of approximately S$17,789,000 (2016: S$7,254,000) including cash and bank balances of approximately S$15,495,000 (2016: S$5,318,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 10.3 times as at 31 December 2017 (2016: 5.5 times). The increase in the current ratio was mainly due to the higher balances of cash and bank balances as at 31 December 2017 compared to 31 December 2016. The increase in cash and bank balances was mainly due to net proceeds from the initial public offer in July 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 31 December 2017 (2016: NIL). There was no finance cost incurred during the year ended 31 December 2017 (2016: S$2,992), hence no gearing ratio of the Group was presented.

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately S$10,328,000 after deducting the Listing related expenses.

An analysis of the amount utilised up to 31 December 2017 is set out as follow:

	Planned use of net proceeds (as stated in the Prospectus) in respect of business objectives from the Listing Date to 31 December 2017	Actual utilised amount up to 31 December 2017	Total remaining use of net proceeds as at 31 December 2017	Total use of net proceeds
	S$	*S$*	*S$*	*S$*
Upgrade existing facilities, acquire new machinery and premises	560,000	170,000	4,890,000	5,060,000
Strengthen our sales and marketing efforts	270,000	140,000	1,590,000	1,730,000
Expand our product offerings	310,000	20,000	1,380,000	1,400,000
Upgrade and integrate of our information technology system	170,000	130,000	770,000	900,000
Working capital and general corporate use	510,000	510,000	500,000	1,010,000
	1,820,000	970,000	9,130,000	10,100,000

The remaining net proceeds as at 31 December 2017 had been placed in interest-bearing deposits in bank in Hong Kong.

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

EMPLOYEE INFORMATION

As at 31 December 2017, the Group had 54 employees (2016: 51), comprising of 3 executive Directors (2016: 3), 3 senior managements (2016: 3), 7 administrative employees (2016: 6) and 41 technicians (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, 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$2,778,000 for the year ended 31 December 2017 (2016: S$2,280,000).

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

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

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 2017, 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 2017 would have been S$1,027,337 (2016: S$31,298) lower/higher, as a result of foreign exchange losses/gains on translation of HK$ denominated cash and bank balances (2016: losses/gains on purchases that are denominated in currencies other than S$).

COMMITMENTS

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

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

	As at 31 December	
	2017	2016
	S$	*S$*
No later than 1 year	**42,912**	39,004
Later than 1 year and not later than 5 years	**7,266**	50,178
	50,178	89,182

Minimum lease payments for office premises and staff accommodation recognised as an expense in consolidated statement of comprehensive income for the year ended 31 December 2017 amounted to S$39,004 (2016: S$36,076) and S$NIL (2016: S$8,350) respectively.

There was no option for renewal of the tenancies. The Group had no other material commitments as at 31 December 2017 (2016: NIL).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2017, 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.

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 31 December 2017.

COMPETING INTERESTS

As at the date of this announcement, none of the Directors, the controlling shareholders (as defined in the GEM Listing Rules) of the Company and their respective associates (as defined in the GEM Listing Rules) had 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 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 SHARES

The shares of the Company were listed on 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 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 15 to the GEM Listing Rules (the "CG Code").

Throughout the year ended 31 December 2017, 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 Friday, 4 May 2018. 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 30th April 2018 to 4th May 2018, 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 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on 27th April 2018.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 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 are Mr. Clarence Tan Kum Wah and Mr. Lim Cher Hong. 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 2017 and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, the requirements under the GEM 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 2017 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's draft consolidated financial statements for the Current Year. The work performed by PricewaterhouseCoopers 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 PricewaterhouseCoopers 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 2017 containing the information required by the GEM Listing Rules and the applicable laws will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 28 March 2018

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) for at least 7 days from the date of its publication and on the website of the Company (www.thetomogroup.com).