



TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立之有限公司)

Stock Code 股份代號 : 8463



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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Siew Yew Khuen
Ms. Lee Lai Fong
Mr. Siew Yew Wai

Independent non-executive Directors

Mr. Clarence Tan Kum Wah
Mr. Gary Chan Ka Leung
Mr. Lim Cher Hong

AUDIT COMMITTEE

Mr. Gary Chan Ka Leung (*Chairman*)
Mr. Clarence Tan Kum Wah
Mr. Lim Cher Hong

NOMINATION COMMITTEE

Mr. Clarence Tan Kum Wah (*Chairman*)
Mr. Gary Chan Ka Leung
Mr. Siew Yew Wai

REMUNERATION COMMITTEE

Mr. Lim Cher Hong (*Chairman*)
Ms. Lee Lai Fong
Mr. Siew Yew Khuen

CORPORATE GOVERNANCE COMMITTEE

Ms. Lee Lai Fong (*Chairlady*)
Mr. Siew Yew Khuen
Mr. Siew Yew Wai

COMPLIANCE OFFICER

Ms. Lee Lai Fong

COMPANY SECRETARY

Mr. Man Yun Wah, *HKICS*

AUTHORISED REPRESENTATIVES

Mr. Siew Yew Khuen
Mr. Man Yun Wah, *HKICS*

COMPLIANCE ADVISER

Fortune Financial Capital Limited
Units 4301-8 & 13, 43/F
Cosco Tower
183 Queen's Road Central
Hong Kong

LEGAL ADVISER

Robertsons
57/F, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F., Prince's Building
Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

CORPORATE INFORMATION

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Bedok North Street 5
#02-08 Eastlink
Singapore 486132

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

57/F, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank Limited
12 Marina Boulevard, Level 43
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

DBS Bank (Hong Kong) Limited
11/F, The Center
99 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

www.thetomogroup.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

8463

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of TOMO Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2017.

The outlook for 2018 remains positive for the Group despite the Government's plan to achieve zero-growth car population. The main reason is that the Group will continue to introduce innovative and niche products to the new passenger vehicle market to maintain higher profitability. We are also making considerable marketing efforts to promote our products to the used car market segment.

The Land Transport Authority (the "LTA") institutes a quota limit to control vehicle population growth by curbing vehicle ownership. A Certificate of Entitlement ("COE"), obtained through a bidding system, allows the holder to own a vehicle for an initial period of 10 years, after which he must scrap or export his vehicle or extend his COE. The number of available COEs is largely determined by the number of deregistered vehicles.

In recent months, due to the slower and unpredictable economy, many car owners tend to extend their COE instead of scrapping their vehicles. This has resulted in higher demand for leather re-upholstery as well as vehicle electronic accessories for older vehicles. The Group recognises the potential growth in this market segment.

EUROSTYLE

Vehicle Accessories

... FOR SMARTER MOTORISTS



CHAIRMAN'S STATEMENT

The Group will focus on expanding our product offerings to meet customers' demand. Some of the successful solutions include integration of reverse parking cameras and touchscreen navigation systems. Many passenger vehicle distributors and dealers have shown increased interest in our integrated navigation systems and infotainment products.

The Group's revenue for the year ended 31 December 2017 has seen modest growth of 11.1%, to approximately S\$14,534,000. However, due to the one-time listing expenses of S\$2,571,000, incurred during our recent IPO exercise, we registered a profit of approximately S\$401,000 as compared with approximately S\$3,016,000 in 2016. A foreign exchange loss of approximately S\$397,000 was incurred during this period.

The Group's Directors and Management will remain focused in our business objectives. We will continue to provide our customers with innovative products and excellent service. We are confident of making good progress with our marketing strategy and will deliver better operating performance for the coming year.

Siew Yew Khuen, David

Chairman and Chief Executive Officer

Tomo Holdings Limited

Hong Kong, 28 March 2018



MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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 (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 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 (the "Current Year") would be approximately S\$2,972,000.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

FINANCIAL REVIEW

In S\$ ('000)	For the year ended		Change
	31 December 2017	2016	
Revenue	14,534	13,082	11.1%
Gross profit	5,937	5,250	13.1%
Gross profit margin	40.8%	40.1%	1.8%
Net Profit before listing expenses	2,972	3,309	(10.2%)
Net Profit after listing expenses	401	3,016	(86.7%)

Revenue

Total revenue of the Group for the Current Year was approximately S\$14,534,000 as compared to approximately S\$13,082,000 for the year ended 31 December 2016 (the "Corresponding Year"), 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 Corresponding Year to approximately S\$39,000 for the Current Year. 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 Corresponding Year to approximately S\$396,000 for the Current Year. 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.

MANAGEMENT DISCUSSION AND ANALYSIS

Selling and distribution expenses

Selling and distribution expenses had decreased by approximately S\$66,000 from approximately S\$427,000 for the Corresponding Year to approximately S\$361,000 for the Current Year. 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 Corresponding Year to S\$4,109,000 for the Current Year. The increase of administrative expenses was mainly due to the increase of professional fees in relation to the listing of the shares of the Company on the GEM (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 Current Year would be approximately S\$2,972,000.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is subject to a number of risks in the Group's business and the Group believes that risk management is important to the Group's success. Key business risks include, among others, the decrease or loss of business with our largest customer, maintaining of our reputation and customer services, stable supply of technicians and foreign workers for our services, reliance on suppliers for the PV leather upholstery and electronic accessories, and single market business strategy. Our revenue substantially derived from sales to our largest customer and any decrease or loss of business with any Singapore subsidiaries of the largest customer and failure to maintain reputation and customer services could materially and adversely affect our business, financial conditions and results of operations. We also highly rely on a single market in developing our business and our business may be materially affected by the limitation on COE availability.

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.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Company's prospectus dated 30 June 2017 with the Group's actual business progress up to 31 December 2017:

Business objectives up to 31 December 2017 as set out in the Prospectus	Actual business progress up to 31 December 2017
Upgrade existing facilities, acquire new machinery and premises	
<ul style="list-style-type: none"> Acquire new tools and leather cutting machine. Fit out heavy duty shelving in storage area of existing premises for PV electronic accessories and leather upholstery. 	<p>The Group had acquired new machineries and tools. The Group is in the process of exploring and identifying appropriate leather cutting machine.</p> <p>The Group had appointed a Consultant for the renovation of existing showroom and warehouse. The Group is in the process of discussion and reviewing the renovation plan.</p>
Strengthen our sales and marketing efforts	
<ul style="list-style-type: none"> Engage a branding consultant to redefine our branding identity for B2C market and advertising our PV leather upholstery and electronic accessories to appeal to corporate and retail customers. Visit, make presentation to, and develop relationships with existing and potential customers. 	<p>The Group is in the process of exploring and identifying an appropriate consultant.</p> <p>The Group is actively engaging with existing and potential customers to promote the products and services and building up a long-term relationship.</p>
Expand our product offerings	
<ul style="list-style-type: none"> Conduct market and design search on market trend of new PV leather upholstery and electronic accessories. Recruit and train additional sales and marketing personnel, technicians and customer service personnel. 	<p>The Group is actively sourcing for latest and innovative products and performing product testing, to stay ahead of market trend and needs.</p> <p>The Group had recruited a Customer Service Officer to support the sales and marketing function as well as customer service. The Group is in the process of looking for additional appropriate experienced personnel.</p>
Upgrade and integrate of our information technology system	
<ul style="list-style-type: none"> Upgrade existing servers and implement a new ERP system, electronic documentation and cloud back up storage. 	<p>The Group had upgraded the existing servers, implemented a new ERP system and cloud back up storage.</p> <p>The Group is in the process of exploring and identifying appropriate system for electronic documentation</p>

MANAGEMENT DISCUSSION AND ANALYSIS

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately S\$10,328,000 after deducting the Listing related expenses. These proceeds are intended to be applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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

	Planned use of net proceeds 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 report, 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).

MANAGEMENT DISCUSSION AND ANALYSIS

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\$).

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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2017.

EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, 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 Year.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Siew Yew Khuen (蕭耀權先生) (“Mr. David Siew”), aged 61, is a co-founder of our Group. He was appointed as a Director on 16 January 2017 and re-designated as a chairman, executive Director and chief executive officer of our Company on 8 March 2017. Mr. David Siew has been the director of TOMO-CSE since its inception in October 1995, where he oversees all aspects of the operations of our Group including sales/marketing, product planning/development, merchandising, strategic planning, corporate policies and new business initiative.

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

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

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

Ms. Lee Lai Fong (李麗芳女士) (“Ms. Lee”), aged 58, is a co-founder of our Group. She was appointed as a Director on 16 January 2017 and re-designated as an executive Director of our Company on 8 March 2017. She is currently the director of finance and administration at TOMO-CSE, where she is responsible for finance, treasury and administration matters of our Group. Ms. Lee is an entrepreneur with over 30 years of start-up and business operational experience, including in the manufacture, supply and installation of passenger vehicle leather upholstery, and the supply and installation of electronic accessories.

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Siew Yew Wai (蕭耀威先生) (“Mr. Richard Siew”), aged 55, was appointed as a Director on 16 January 2017 and re-designated as an executive Director of our Company on 8 March 2017. Mr. Richard Siew is currently the director of sales and marketing at TOMO-CSE.

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

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

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Clarence Tan Kum Wah (陳錦華先生) (“Mr. Clarence Tan”), aged 51, has been appointed as an independent non-executive Director on 23 June 2017. Since January 2017, he has been the non-executive director of GlobalRoam Group Ltd (“GlobalRoam”, together with its subsidiaries “GR Group”), a group that primarily provides integrated communications technology to the telecommunication companies in the Southeast Asian region. GlobalRoam was the first company in Singapore to be traded on the over-the-counter exchange managed by Phillips Securities Pte. Ltd. in 2007. Mr. Clarence Tan founded GR Group in January 2001 and had served as its chief executive officer since its inception till July 2016, when he relinquished his role and was re-designated as executive deputy chairman until December 2016.

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

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

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Lim Cher Hong (林芝鋒先生) (“Mr. Lim”), aged 51, was appointed as an independent non-executive Director on 23 June 2017. Mr. Lim is an entrepreneur with 24 years of experience in the information technology (“IT”) industry with expertise in designing, developing, deploying, enhancing and maintaining large scale enterprise IT systems. In 1997, Mr. Lim co-founded RSTN Consulting Pte. Ltd. (“RSTN”) and has been the group chief executive officer since its inception, where he has successfully grown the company from the beginning of four founders to its current span of around 180 full-time and 460 contract staff across nine countries. RSTN specialises in assisting large multinationals with global deployments of business process management, enterprise content management, document imaging and commission management solutions for clients in industries such as insurance and banking.

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

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

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

Mr. Gary Chan Ka Leung (陳嘉樑先生) (“Mr. Gary Chan”), aged 45, was appointed as an independent non-executive Director on 23 June 2017. Mr. Gary Chan is a seasoned finance executive and an entrepreneur. He has advised companies across various disciplines and industries including consumer products and services, financial services, food and beverage, logistics, media, renewable energy, recruitment services, and technology. In 2014, he joined CFO (HK) Limited, a company licensed by The CFO Centre Group Limited to provide services of time-shared chief financial officers to client companies in the Greater China region and is currently the Greater China chief executive officer.

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

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

DIRECTORS AND SENIOR MANAGEMENT

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

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

Mr. Gary Chan has been appointed as an independent non-executive director of LHN Limited, the shares of which are dual listed on the catalist board of the Singapore Exchange (SGX:410) and the Main Board of the Stock Exchange (Stock Code: 1730) since June 2017.

Save as disclosed above, none of the Directors was a director in any listed companies in the last 3 years.

SENIOR MANAGEMENT

Mr. Philip Tan Eng Choon ("Mr. Philip Tan"), aged 70, has over 25 years of experience in sales and marketing of passenger vehicle accessories. He is currently the sales and marketing manager, responsible for sales and marketing of our Group's products and services, as well as accounts servicing of our Group's customers. In 1993, Mr. Philip Tan joined Tomo GC, a company co-founded by Mr. David Siew in 1980, and eventually joined our Group in 1996 when TOMO-CSE was founded by Mr. David Siew and Ms. Lee.

Mr. Ong Kim Hoi (王金海先生) ("Mr. Ong"), aged 42, has been the business development manager of our Group since December 2011. At TOMO-CSE, Mr. Ong is responsible for product development, evaluation and product testing and quality control of new products before our Group introduces them to the market. He assists the marketing team to study and evaluate our Group's customers' accessories requirement and works on the most suitable products for the vehicles. He works closely with the installation and aftersales team to ensure all new products are properly installed and have proper aftersales' standard operating procedures.

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

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

DIRECTORS AND SENIOR MANAGEMENT

Mr. Alan Hoh Chan Ming (何贊明先生) (“Mr. Alan Hoh”), aged 31, joined our Group in December 2016 as Group Financial Controller and is responsible for financial planning & control, accounting operations and internal control systems of our Group. Prior to joining our Group, Mr. Alan Hoh was the Group Finance Manager at Sincap Group Limited, a company listed on the Singapore Stock Exchange (SGX:5UN), engaged in the mineral trading and logistic management, where he supervised the accounting operations in Singapore and Indonesia.

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

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

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The board (the "Board") of directors (the "Directors") of the Company is responsible for overseeing and managing the overall risks associated with the business of the Group and promoting the success of the group by the direction and supervision of the Group's business and affairs. The Board is also responsible for formulating the overall strategies and day to day management of the Group by delegating to the management team with appropriate authority and responsibility.

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 15 to the GEM Listing Rules. Save as disclosed in this report, the Directors consider that during the period from the listing date to 31 December 2017, the Company had complied with all the code provisions (the "Code Provision") as set under the CG Code.

COMPLIANCE OF CODE OF CONDUCT FOR DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry of all the Directors, all the Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the period from the Listing date to 31 December 2017.

BOARD OF DIRECTORS

Board Composition

The composition of the Board for the year ended 31 December 2017 and up to the date of this report were:

Executive Directors:

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

Ms. Lee Lai Fong

Mr. Siew Yew Wai

Independent non-executive Directors:

Mr. Clarence Tan Kum Wah (appointed on 23 June 2017)

Mr. Gary Chan Ka Leung (appointed on 23 June 2017)

Mr. Lim Cher Hong (appointed on 23 June 2017)

The Board had complied with the Rule 5.05 of the GEM Listing Rules to have at least three independent non-executive Directors and at least one independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Director has made an annual confirmation of independent pursuant to Rule 5.09 of the GEM Listing Rules. The Board considers that all independent non-executive Directors to be independent to the Company and meet the requirements set out in Rules 5.09 of the GEM Listing Rules at the date of this report.

CORPORATE GOVERNANCE REPORT

Under 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. Mr. Siew Yew Khuen currently holds both positions. Throughout our business history, Mr. Siew Yew Khuen, as a co-founder and Controlling Shareholder of the Group, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of the business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors, including the independent non-executive Directors, consider that Mr. Siew Yew Khuen is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders of the Company as a whole.

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

Each executive Director has entered into a service contracts with the Company for an initial term of three years with effect from the listing date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing.

Each independent non-executive Director has entered into a letter of appointment with the Company for an initial term of one year commencing from the listing date and shall continue thereafter unless terminated by the Company or the Director giving at least one month's notice in writing.

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

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

CORPORATE GOVERNANCE REPORT

Directors' Attendance Records

During the period from the listing date to 31 December 2017, 2 regular Board meetings were held for among other things, reviewing and approving the financial and operating performance, and reviewing and approving the quarterly, interim and annual results of the Group.

The attendance records of each Director at the Board meetings for the period from the listing date to 31 December 2017 are set out below:

Name of Director	Attendance/ Number of meetings held Board meetings
Executive Directors	
Mr. Siew Yew Khuen	2/2
Ms. Lee Lai Fong	2/2
Mr. Siew Yew Wai	2/2
Independent non-executive Directors	
Mr. Clarence Tan Kum Wah	2/2
Mr. Gary Chan Ka Leung	2/2
Mr. Lim Cher Hong	2/2

Notice of regular Board meetings is served to all the Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all the Directors at least 3 days before each Board meeting or committee meeting to enable the Directors to make informed decisions. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The company secretary is responsible for taking and keeping minutes of all board meetings and committee meetings. Draft minutes are normally circulated to directors for comments within a reasonable time after each meeting and final versions are open for directors' inspection.

CORPORATE GOVERNANCE REPORT

Directors' Training

Pursuant to Code Provision A.6.5, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company has provided information related to the changes in the GEM Listing Rules and training course on corporate governance, regulatory development and topics relating to the business of the Group during the period from the listing date to 31 December 2017.

The training record of each Director as at 31 December 2017 is set out below:

Name of Director	Attending training course
Executive Directors	
Mr. Siew Yew Khuen	Yes
Ms. Lee Lai Fong	Yes
Mr. Siew Yew Wai	Yes
Independent non-executive Directors	
Mr. Clarence Tan Kum Wah	Yes
Mr. Gary Chan Ka Leung	Yes
Mr. Lim Cher Hong	Yes

BOARD COMMITTEES

The Board has established four committees, namely the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and corporate governance committee (the "Corporate Governance Committee"). Each committee has its written terms of reference and is provided sufficient resources and empowered to function within its own terms of reference.

Audit Committee

The Company has established the Audit Committee on 23 June 2017 with written terms of reference in compliance with Rule 5.28 of the GEM Listing Rules and the CG Code. The Audit Committee comprises of three independent non-executive Directors, namely Mr. Gary Chan Ka Leung, Mr. Clarence Tan Kum Wah and Mr. Lim Cher Hong. Mr. Gary Chan Ka Leung has been appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

CORPORATE GOVERNANCE REPORT

The Audit Committee held 2 meetings during the year ended 31 December 2017 for the purposes of, among other things, considering and approving the interim financial results for the six months ended 30 June 2017 and the third quarterly financial results for the nine months ended 30 September 2017, respectively. The details of attendance are set out below:

Audit Committee Members	Attendance/ Number of meetings held
Mr. Gary Chan Ka Leung	2/2
Mr. Clarence Tan Kum Wah	2/2
Mr. Lim Cher Hong	2/2

Nomination Committee

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

The Nomination Committee held 1 meeting during the year ended 31 December 2017 and the details of attendance are set out below:

Nomination Committee Members	Attendance/ Number of meetings held
Mr. Clarence Tan Kum Wah	1/1
Mr. Gary Chan Ka Leung	1/1
Mr. Siew Yew Wai	1/1

Remuneration Committee

The Company has established the Remuneration Committee on 23 June 2017 with written terms of reference in compliance with Rule 5.34 of the GEM Listing Rules and the CG Code. The Remuneration Committee comprises of two executive Directors and one independent non-executive Director, namely Mr. Siew Yew Khuen, Ms. Lee Lai Fong and Mr. Lim Cher Hong. Mr. Lim Cher Hong has been appointed as the chairman of the Remuneration Committee. The primary functions of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and the structure relating to all the Directors and senior management of the Group, review performance-based remuneration and ensure none of the Directors determine their own remuneration.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee held 1 meeting during the year ended 31 December 2017 and the details of attendance are set out below:

Remuneration Committee Members	Attendance/ Number of meetings held
Mr. Lim Cher Hong	1/1
Mr. Siew Yew Khuen	1/1
Ms. Lee Lai Fong	1/1

Corporate Governance Committee

The Company has established the Corporate Governance Committee on 23 June 2017 with written terms of reference in compliance with the CG Code. The Corporate Governance Committee comprises of three executive Directors, namely Mr. Siew Yew Khuen, Ms. Lee Lai Fong and Mr. Siew Yew Wai. Ms. Lee Lai Fong has been appointed as the chairlady of the Corporate Governance Committee. The primary functions of the Corporate Governance Committee are to keep the effectiveness of the corporate governance and system of internal controls of the Group. The Corporate Governance Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility for on a going concern basis preparing financial statements for each financial year giving a true and fair view of the state of affairs of the Group. The responsibility of the Company's auditor, PricewaterhouseCoopers is set out in the section headed "Independent Auditor's Report" of this report.

Risk Management and Internal Control

The Board is responsible for overseeing and managing the overall risks associated with the business of the Group. The risk management plan of the Group is implemented in accordance with the Workplace Safety and Health (Risk Management) Regulation, which includes risks assessment and risks prevention at the workshop of the Group, and to ensure safety measures and policies are in place.

The Company has also established the Audit Committee for reviewing and supervising the financial reporting process and internal control system of the Group.

The Group has established internal control systems covering corporate governance, financial reporting, revenue, expenditure management, human resources, treasury and general computer controls. The Directors believe that the current internal control system is appropriate for the business operations. The Board will regularly review the administration and the adequacy of the internal system and develop and revise the internal control system to cater for expansion of the Group.

Compliance Officer

Ms. Lee Lai Fong has been appointed as the compliance officer of our Company. Her biographical details are set out in section headed "Directors and Senior Management" in this report.

CORPORATE GOVERNANCE REPORT

Company Secretary

Mr. Man Yun Wah has been nominated by RHT Corporate Advisory (HK) Limited to act as the company secretary of the Company since 1 February 2017, who has complied with the requirements of the GEM Listing Rules. He has been contacting with the Board directly in respect of company secretarial matters.

Auditor's Remuneration

The remuneration paid to the auditor of the Company, PricewaterhouseCoopers, for audit and non-audit services for the year ended 31 December 2017 were amounting to approximately S\$150,000 and S\$NIL, respectively.

In addition, PricewaterhouseCoopers has provided audit-related services as the reporting accountant of the Company and other non-audit services in respect of the Company's Listing during the year ended 31 December 2017. The remuneration paid by the Group to PricewaterhouseCoopers for the audit-related and non-audit services in respect of the Company's Listing amounted to S\$319,920 (2016: S\$147,340) and S\$72,660 (2016: S\$nil), respectively.

COMMUNICATION WITH SHAREHOLDERS

The Company strives for maintaining effective and on-going communication with and timely disclosing useful information to the shareholders and potential investors of the Company. The Directors hold annual general meeting yearly to meet the shareholders of the Company, and publish and distribute annual, interim and quarterly reports for providing updated financial performance and business developments of the Company to the shareholders of the Company.

SHAREHOLDERS' RIGHTS

Convening extraordinary general meeting

Pursuant to the Company's articles of association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Right to Put Forward Proposals at General Meetings

There is no provision for shareholders to propose resolutions at a general meeting under the Cayman Islands Companies Law. However, shareholders can follow the above procedure and request to convene extraordinary general meeting.

CORPORATE GOVERNANCE REPORT

Right to Put Enquiries to the Board

Shareholders of the Company may send written enquiries or requests in respect of their rights to Unit 912, 9/F., Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong for the attention of the company secretary, or contact the Hong Kong Share Registrar of the Company, Tricor Investor Services Limited for any enquiries about their shareholdings and entitlements to dividend.

INVESTOR RELATIONS

The Company has established various communication channels with its shareholders, including but not limited to holding annual general meeting, publishing and distributing annual, interim and quarterly reports, announcements and circulars on the websites of the GEM and the Company and to its shareholders, respectively.

Articles of Association

There had been no significant change to the Articles of Association of the Company for the year ended 31 December 2017.

DIRECTORS' REPORT

The directors of the Company (the "Directors") have pleasure in presenting their first annual report together with the audited consolidated financial statements of the Group (the "Consolidated Financial Statements") for the year ended 31 December 2017 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in Note 26 to the Consolidated Financial Statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the Consolidated Financial Statements.

BUSINESS REVIEW

The business review of the Group for the Year together the future business development is set out in the section headed "Management Discussion and Analysis" on pages 6 to 11 of this annual report. This discussion form part of the report of directors.

RESULTS AND APPROPRIATIONS

The results of the group for the Year are set out in the consolidated statement of comprehensive income on pages 54.

The Directors do not recommend the payment of a final dividend to the shareholders of the Company for the Year (2016: N/A).

DONATIONS

During the Year, charitable and other donations made by the Group amounted to S\$6,310 (2016: S\$4,450).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in note 14 to the consolidated financial statements.

SHARES ISSUED IN THE YEAR

Details of the shares issued in the year ended 31 December 2017 are set out in note 21 to the Consolidated Financial Statements.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

As at 31 December 2017, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately S\$8,794,000.

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2017 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

THREE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last three financial years is set out on page 94. This summary does not form part of the Consolidated Financial Statements.

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

The Company has not redeemed any of its shares during the period from the Listing Date to 31 December 2017. Neither the Company nor any of its subsidiaries has purchased or sold any of the Company's shares during the period from the Listing Date to 31 December 2017.

DIRECTORS' REPORT

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 report, no share options were granted by the Company.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the GEM Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of our Group.

(c) Maximum number of shares

The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the date of the Listing (i.e. not exceeding 45,000,000 shares representing 10% of the issued capital of the Company as at the date of this report).

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the GEM Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

DIRECTORS' REPORT

(e) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(f) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(g) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK\$1.00.

(h) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

DIRECTORS' REPORT

DIRECTORS

The directors of the company during the year and up to the date of this report were:

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

Pursuant to the Articles of Association, Mr. Siew Yew Khuen and Mr. Clarence Tan Kum Wah will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting"). Reference is made to the announcement of the Company date 28 March 2018 in respect of the appointment of Mr. Zha Jianping as an executive Director with effect from 1 April 2018, pursuant to the Articles of Association, Mr. Zha Jianping will also retire and, being eligible, offer himself for re-election at the forthcoming Annual General Meeting.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three (3) years commencing from the date of the listing (the "Listing") of shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and continuing thereafter until terminated by either party giving not less than three months' notice in writing to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one (1) year commencing from the Listing until terminated by either party giving not less than 1 month's notice in writing.

None of the directors who are proposed for re-election at the Annual General Meeting has a service contract with the company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group. The remuneration of Directors (including executive Directors and independent non-executive Directors) on named basics are set out in note 10(b) to the consolidated Financial Statements.

DIRECTORS' REPORT

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the group's business to which the company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 12 to 16.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at the date of this report, the interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") 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 he is taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the GEM Listing Rules, will were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximately percentage of shareholding of the Company
Mr. Siew Yew Khuen	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%
Ms. Lee Lai Fong	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%

Notes:

- (1) The Letter "L" denotes the person's long position in the relevant Shares.
- (2) The entire issued share capital TOMO Ventures Limited ("TOMO Ventures") is legally and beneficially owned as to 51% by Ms. Lee Lai Fong and as to 49% by Mr. Siew Yew Khuen. Accordingly, Ms. Lee Lai Fong and Mr. Siew Yew Khuen are deemed to be interested in 230,000,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee Lai Fong and Mr. Siew Yew Khuen are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

At no time during the year ended 31 December 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 the Shares, or debentures of the Company or any other body corporate.

DIRECTORS' REPORT

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

Up to the date of this report, the persons or entities who have interests or short positions in the Shares and underlying Shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximately percentage of shareholding of the Company
Mr. Siew Yew Khuen	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%
Ms. Lee Lai Fong	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%
TOMO Ventures	Beneficial owner	230,000,000 (L)	51.11%
China Ocean	Interest in controlled corporation (Note 3)	30,000,000 (L)	6.67%
Golden Thai	Beneficial owner	30,000,000 (L)	6.67%

Notes:

- (1) The Letter "L" denotes the person's long position in the relevant Shares.
- (2) The entire issued share capital TOMO Ventures Limited ("TOMO Ventures") is legally and beneficially owned as to 51% by Ms. Lee Lai Fong and as to 49% by Mr. Siew Yew Khuen. Accordingly, Ms. Lee Lai Fong and Mr. Siew Yew Khuen are deemed to be interested in 230,000,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee Lai Fong and Mr. Siew Yew Khuen are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.
- (3) The entire issued share capital of Golden Thai Marine Products Group Limited ("Golden Thai") is legally and beneficially owned indirectly by China Ocean Fishing Holdings Limited ("China Ocean"). Accordingly China Ocean is deemed to be interested in 30,000,000 Shares held by Golden Thai by virtue of the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

DIRECTORS' REPORT

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases

— the largest supplier	27.6%
— five largest suppliers in aggregate	80.7%

Sales

— the largest customer	76.1%
— five largest customers in aggregate	93.1%

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

CONNECTED TRANSACTIONS

During the year ended 31 December 2017, the Group had no transactions which need to be disclosed as connected transactions in accordance with the requirements of the GEM Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

At 31 December 2017, the Group had not provided any financial assistance and guarantee.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the company's issued shares for the period from the date of Listing to 31 December 2017 and up to date of this report.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

The controlling shareholders of the Company, namely Mr. Siew Yew Khuen, Ms. Lee Lai Fong and TOMO Ventures Limited (each a "Covenantor" and collectively, the "Covenantors") have entered into the deed of non-competition on 23 June 2017 (the "Deed of Non-Competition"), pursuant to which, the Covenantors provided certain non-competition undertakings to the Company. During the year, the independent non-executive Directors have reviewed the implementation of the Deed of Non-Competition and have confirmed that the Covenantors have been in full compliance with the Deed of Non-Competition and there was no breach by the Covenantors.

DIRECTORS' REPORT

COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors or the controlling shareholders or their respective associates (as defined in the GEM Listing Rules) of the Company had any interests in any businesses which competed with or might compete with the business of the Group.

COMPLIANCE ADVISER'S INTERESTS

As at the date of this report, 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 require to be notified to the Group pursuant to Rule 6A.32 of the GEM Listing Rules.

SUBSEQUENT EVENTS

There was no significant event occurred after the reporting period.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 17 to 24 in this annual report.

LOANS AND BORROWINGS

The Group did not have bank loans or other borrowings as at 31 December 2017.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

DIRECTORS' REPORT

ANNUAL GENERAL MEETING

The first Annual General Meeting will be held on Friday, 4 May 2018. A notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the GEM Listing Rules and other applicable laws and regulations.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming Annual General Meeting, the register of members of the Company will be closed from Monday, 30 April 2018 to Friday, 4 May 2018, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers 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 Friday, 27 April 2018.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment.

On behalf of the Board

Siew Yew Khuen

Chairman and Chief Executive Officer

Hong Kong, 28 March 2018

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. INTRODUCTION

Overview of business

TOMO Holdings Limited (the “Company”) and its subsidiaries (collectively, the “Group”) is principally engaged in the passenger vehicle (PV) leather upholstery and electronic accessories businesses in Singapore.

For the leather upholstery business, the Group supplies and installs custom-fitted leather upholstery for PV seats. They also provide leather wrapping for other PV interior products such as door panels, head rests and arm rests.

For the electronic accessories business, it is divided into two sub-segments:

- (i) Navigation and multimedia accessories, i.e. supply and installation of products such as navigation systems, head units and in-car entertainment systems, and
- (ii) Safety and security accessories, i.e. supply and installation of products that improve driver and passenger safety and security, such as digital video recorders, reverse cameras and parking sensors and security alarm systems.

Scope of report

The scope of the report covers the Group’s core business in TOMO-CSE Autotrim Pte Ltd (TOMO-CSE) operating in Singapore.

This report is prepared to be in line with the Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide) set out in Appendix 20 of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (HKEx).

Unless otherwise stated, this report covers the policies and regulatory compliances on material ESG topics for the Group from the listing date on 13 July 2017 to the financial year ended on 31 December 2017.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. APPROACH

Corporate governance and conduct of business

The Group strictly adheres to their environmental and social responsibilities, and have enhanced their accountability and transparency by upholding high standards in business ethics and corporate governance in all areas of their operations, thus building stronger trust with their stakeholders. The Board has overall responsibility for ensuring effective corporate governance across the Group, including ensuring that effective risk management and internal controls are in place to address any identified ESG risks.

The Group has in place the relevant Standard Operating Procedures (Group SOP) which establishes its principles and practices with regard to matters which may have ethical implications. The Group SOP provides communicable and understandable guidelines for staff to observe in their dealings with customers, suppliers and amongst fellow colleagues. The Group SOP provides guidance on issues such as:

- Fraud risk management procedure for the identification, assessment, management and reporting of risks on a consistent and reliable basis
- Whistleblowing procedure to enable employees and other persons to raise concerns on possible improprieties relating to fraud, unethical business conducts, violations of law, etc.
- Gift and entertainment control procedure for the receipt and giving of gifts and entertainment to any person, corporation or firm having transaction with the Group, or any prospective customer of the Group

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Stakeholder engagement

The Group engages both internal and external stakeholders on a regular basis with the goal to strengthen its sustainability approach and performance of the Group. An overview of our approach and rationale is set out in the table below (with stakeholders listed in alphabetical order):

Stakeholder	How we engage	Why we engage
Customers	<ul style="list-style-type: none"> Customer service feedback records Face to face consultation with service staff 	<ul style="list-style-type: none"> Customers' feedback is used to improve services and product quality.
Employees	<ul style="list-style-type: none"> Training Employee engagement activities Ongoing guidance by supervisors and management 	<ul style="list-style-type: none"> Continuous engagement allows the Group to develop employees' capabilities and address any potential workplace concerns in a timely manner.
Government	<ul style="list-style-type: none"> Discussions and communications with Authorities, as and when necessary 	<ul style="list-style-type: none"> To keep up with regulatory requirements.
Shareholders	<ul style="list-style-type: none"> Annual General Meetings Annual and interim reports Company announcements 	<ul style="list-style-type: none"> To keep up with shareholders' expectations.
Suppliers	<ul style="list-style-type: none"> Ongoing direct engagements 	<ul style="list-style-type: none"> Trusted relationships with brand name suppliers are vital to the Group' ability to meet its quality commitment.

Based on the stakeholder engagement, the Group identified product quality control and management, supply chain management, and occupational health and safety as issues of the highest importance to both the Group and its stakeholders. This review helped the Group in prioritising its sustainability issues and highlighting the material and relevant aspects, so as to align them with stakeholders' expectations.

The relevant and required disclosure are presented in the following sections.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3. ENVIRONMENTAL

The Group recognises the importance of environmental protection as the starting point for sustainability. We continue to work to reduce the environmental impact of our operations and to promote environmental protection within the Group and our community.

Aspect A1: Emissions

Emissions for the Group include GHG (Scope 1) emissions from the use of diesel for the Company van, GHG (Scope 2) emissions from the use of purchased electricity in the Group's Singapore office and workshop, and municipal wastewater and solid waste generated by the office and workshop staffs. No hazardous waste were generated by the Group in FY2017.

In FY2017, the total GHG emissions of the Group was 82.02 tCO₂e (with an intensity of 0.1071 tCO₂e/m²).

Key performance indicators: Emissions

Ref	Description	2017	Units
A1.2	GHG emissions (Scope 1)	37.21	tCO ₂ e
A1.2	GHG emissions (Scope 2)	44.81	tCO ₂ e
A1.2	GHG emissions (Total)	82.02	tCO ₂ e
A1.2	GHG emissions intensity	0.1071	tCO ₂ e/m ²

Legal compliance

The Group has complied with all relevant environmental laws in Singapore, where the Group operates. In FY2017, the Group was not in violation of any relevant laws and regulations relating to waste gas or greenhouse gas (GHG) emissions, water or land discharging, and hazardous or non-hazardous wastes.

Air and GHG emissions

Air and GHG emissions for the Group arises mainly from the use of electricity and diesel in the Group's Singapore office and workshop. The Group has set up internal policies, further described in 'A.2. Use of Resources', to reduce energy use and thus GHG emissions.

Non-hazardous wastewater

Wastewater generated in the Group arises from domestic wastewater only. The Group has set up internal policies, further described in 'A.2. Use of Resources', to reduce water use and thus wastewater emissions.

Non-hazardous solid waste

Solid wastes generated in the Group arises from domestic solid wastes, and packaging and material waste from our operations. These wastes are collected, source separated, and recycled before being collected for disposal. The Group has set up internal policies, further described in 'A.2. Use of Resources', to reduce paper use and thus non-hazardous solid waste emissions.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect A2: Use of resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc., is one of the significant aspects to protect environment.

Key performance indicators: Use of resources

Ref	Description	2017	Units
A2.1	Electricity consumption	72,041	kWh
A2.1	Electricity consumption intensity	94.05	kWh/m ²
A2.1	Energy consumption	13,885	l
A2.1	Energy consumption intensity	18.13	l/m ²
A2.2	Water consumption	326	m ³
A2.2	Water consumption intensity	0.43	m ³ /m ²

Compliance

The Group has complied with the relevant laws and regulations in relation to the Group's use of resources during the year under review. In FY2017, resources consumed by the Group were purchased electricity, diesel, water, and paper.

Purchased electricity

The Group's electricity consumption came from regular operations of the office and machineries at its workshops. In FY2017, the total electricity consumption of the Group was 72,041 kWh (with an intensity of 94.05 kWh/m²). All employees stringently complied with the Group's policy of saving energy.

The Group started to replace traditional light bulbs with electricity-saving light bulbs as well as educated its employees about energy conservation and emission reductions. To ensure the effective use of electricity, the Group conducted the following practices:

- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches
- Clean office equipment (such as refrigerator, air-conditioner) regularly to maintain high efficiency
- Use energy saving equipment
- Set temperature of air conditioners to 25°C

The Group established policies and procedures to reduce energy consumption in the office and workshop, to assess the energy efficiency, to increase the use of clean energy, if possible, to set applicable targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

Energy

The Group's energy consumption is mainly from diesel consumed for the Company van. In FY2017, the total energy consumption from diesel of the Group was 13,885 l (with an intensity of 18.13 l/m²). The Group encourages energy saving through regular maintenance of the vehicle to reduce its emissions.

Water consumption

The Group's water consumption is mainly from domestic water use. In FY2017, the total water consumption of the Group was 326.3 m³ (with an intensity of 0.57 m³/m²). To further improve the utilization efficiency of water resources, the Group adopted the following practices:

- Place posters on 'Saving Water' to encourage water conservation
- Strengthen inspection and maintenance on water taps and fixing dripping taps immediately to avoid wastage
- Use water saving equipment

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Paper

Paper was mainly consumed by the Group's office. The Group will commence tracking the usage of this resource starting from FY2018. The Group strives to reduce paper waste at source by adopting the following practices:

- Think before print
- Set duplex printing as the default mode for most network printers
- Use email to reduce fax paper consumption
- Separate single-sided paper and double-sided paper for better recycling
- Use the back of old single-sided documents for printing or as draft paper

Packaging material

There was no significant packaging material used in operation.

Aspect A3: Environment and natural resources

The Group is committed to protecting the environment where the Group operates. The Group had taken effective measures to reduce electricity consumption, and thus the overall GHG emissions.

4. SOCIAL

The Group strives to fulfil its social responsibilities as a corporate citizen of communities and endeavours to establish harmonious relationship with our employees, customers, and the communities. We care about the well-being and development of employees, ensure high standard of service responsibility, enhance transparent relationship with external parties, including customers, and contribute to our community development.

Aspect B1: Employment

The Group established employment policies, including recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Legal compliance

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Singapore, including but not limited to the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A). The Group also complied with the laws and regulations in respect to the employees' social security schemes (i.e. Central Provident Fund) that are enforced by the Singapore government in relation to employee benefits. The human resources department of the Group and its subsidiaries review and update the relevant company policies regularly in accordance with the latest laws and regulations.

In FY2017, the Group was in compliance with relevant laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination that have a significant impact on the Group.

Recruitment and promotion

The Group attracts talent through fair, and flexible recruitment strategy. Recruitment process is required to include application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Promotion is required to be based on performance and suitability.

Compensation and dismissal

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.

Working hours, rest periods, benefits and welfare

Employees' working hours, rest periods, benefits and welfare, including medical insurance, overtime payment, retirement benefits through Central Provident Fund, and statutory leave entitlement, are required to be in compliance with employment or labour laws and regulations.

Equal opportunities, diversity and anti-discrimination

The Group is an equal opportunity employer. We endeavour to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity.

Other benefits and welfare

The Group organises regular recreational activities to encourage team bonding such as Chinese New Year dinner, annual dinner, barbeques and badminton sessions.

During Chinese New Year, employees may receive additional gifts as well.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B2: Health and safety

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses.

Legal compliance

The Group has established occupational safety and health policies that are in line with various laws and regulations in Singapore, including but not limited to the Workplace Safety and Health Act (Cap. 354A).

In FY2017, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Providing a safe working environment and protection from occupational hazards

The Group strives to provide a high-quality working environment for its employees and have established a series of policies according to the ISO 9001:2008 and BizSAFE Level 3 for safe working environment and protecting employees from occupational hazards.

Aspect B3: Development and training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally and paid by the Group.

Employee development

The Group requires employees to attend internal and external training courses including new employee orientation and employee continuing education to improve employees' knowledge and skills for their job positions.

Training activities

Training and development courses are offered throughout the Group to upgrade employee skills and knowledge. During the year, all directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B4: Labour standards

The Group is committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with fairness, respect, and free will for our employees.

Legal compliance

The Group strictly abides by the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A), and other related labour laws and regulations in Singapore, to prohibit any child and/or forced labour employment.

In FY2017, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

Aspect B5: Supply chain management

Supply chain management is a key area of our business, which includes managing environmental and social risks of the supply chain. As an enterprise with a keen sense of social responsibility, it is critical and vital for the Group to maintain and manage a sustainable and reliable supply chain that takes environmental and societal impact into considerations. The Group monitors the quality of its suppliers and supply chain practices on a regular basis.

The Group chooses suppliers based on their background, product quantity and quality, price, customer service quality, reputation, past cooperation experience, delivery time, and outcome from annual evaluation. When selecting suppliers, the supplier must not only meet the Group's internal standards, but also be a legally compliant, socially responsible and financially healthy enterprise. Potential suppliers are required to provide relevant quality certifications, arrange for site visits, and request for samples of materials to be supplied to ensure that the materials meet the required specifications. The Group has its own internal list of approved qualified suppliers and will reassess them annually.

The Group strives to reduce the environmental impact of procurement activities when cooperating with suppliers. As far as practicable, local suppliers are preferred as it reduces both cost and emissions associated with the transportation of raw materials and packaging materials.

The Group maintains close liaison with its suppliers to ensure they comply with local laws and regulations in their country during operations and stick to their corporate ethics. The Group has formulated a policy on supplier management and divided the suppliers into different groups according to the duration of the cooperation and the scope of the cooperation so as to implement a differentiated management strategy for the suppliers. Given the firm and stable relationship between the Group and its suppliers, the Group can be promptly updated of the supply situation through the internet, phone calls, and other communication means.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B6: Product responsibility

The Group is committed to ensuring product safety and product quality.

Legal compliance

With regard to the Group's product health and safety, advertising and labelling, and privacy management, the Group is strictly in compliance with the related rules and regulations in Singapore as stated below.

In FY2017, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products that may have a significant impact on the Group.

Products quality and safety

The Group is committed to ensuring product quality and safety and has established internal guidelines to ensure the Group is ensuring products quality and safety and complying with the Consumer Protection (Trade Descriptions And Safety Requirements) Act (Cap. 53). The Group's business is in strict compliance with the ISO 9001:2008 (Quality Management Systems). The Group's has also obtained the BizSAFE Level 3 certification for safe working environment.

Advertising and labelling

The Group has established internal guidelines to ensure the Group is providing accurate product labelling and marketing materials that comply with the Consumer Protection (Trade Descriptions And Safety Requirements) Act (Cap. 53) and market practices. Any exaggeration of offerings in the marketing materials is strictly prohibited. If there is any non-compliance with the Group's internal guideline, the Group would carry out corrective action immediately.

Intellectual property

The Group is dedicated to protecting and enforcing its intellectual property rights and has complied with the relevant laws and regulations such as the Intellectual Property (Miscellaneous Amendments) Act 2004. The Group have also registered its "Eurostyle" trademark in Singapore and Hong Kong, in which the brand is applied to several diverse product offerings.

Consumer data protection

The Group is committed to abiding by the laws in relation to customer privacy, such as the Personal Data Protection Act 2012, to ensure customers' rights are strictly protected. Information collected by the Group from its customers would only be used for the purpose for which it has been collected. The Group prohibits the provision of customer information to a third party without authorisation of the customer. All collected personal data of customers during the course of business are treated as confidential, kept securely and accessible by designated personnel only.

Customer complaints

The Group has established standard procedures for handling product enquires and complaints. Customers are able to access the TOMO Website at www.thetomogroup.com to file their complaints.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B7: Anti-corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business.

Legal compliance

In FY2017, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Preventing bribery and corruption

The Group prohibits all forms of bribery and corruption. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation. Where criminality is suspected, a report is made to the relevant regulators or law enforcement authorities when the management considers necessary.

In addition, the staff handbook lays out the Group's expectation and guiding provisions on code of conduct. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, extortion, bribery, fraud and money laundering.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Aspect B8: Community investment

The Group understands the importance of making a positive contribution to the communities where the Group operates, and sees the interests of the communities as one of its social responsibilities. The Group is committed to promoting the economic development and living environment of the community, and seeks to help individuals and organisations within the community.

Labour needs

The Group strives to enlarge the business operation so that we can hire more workers to alleviate unemployment in the community.

Community activities

The Group encourages our employees to participate in community activities, such as community initiatives organised by charity foundations, volunteerism, and donations to causes supported by the Group (e.g. mental health).

Environmental protection

The Group encourages all employees to participate in environmental protection activities and raise the environmental awareness of people in the communities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ESG REPORTING GUIDE CONTENT INDEX

The ESG Reporting Guide Content Index references the TOMO Holdings Limited Sustainability Report 2017 (SR).

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
A: Environmental		
<i>Aspect A1: Emissions</i>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	Page 38
KPI A1.1	The types of emissions and respective emissions data	Page 38
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	Page 38
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	—
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	—
KPI A1.5	Description of measures to mitigate emissions and results achieved	Page 38
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	Page 39
<i>Aspect A2: Use of resources</i>		
General disclosure	Policies on the efficient use of resources including energy, water and other raw materials	Page 39
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	Page 39
KPI A2.2	Water consumption in total and intensity	Page 39
KPI A2.3	Description of energy use efficiency initiatives and results achieved	Page 39
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	Page 39
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	Page 40
<i>Aspect A3: Environment and natural resources</i>		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	Page 40
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	—

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
B: Social		
Employment and labour practices		
<i>Aspect B1: Employment</i>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	Page 40/41
KPI B1.1	Total workforce by gender, employment type, age group and geographical region	—
KPI B1.2	Employee turnover rate by gender, age group and geographical region	—
<i>Aspect B2: Health and safety</i>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	Page 42
KPI B2.1	Number and rate of work-related fatalities	—
KPI B2.2	Lost days due to work injury	—
KPI B2.3	Description of occupational health and safety measures adopted, how they are implemented and monitored	—
<i>Aspect B3: Development and training</i>		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Page 42
KPI B3.1	The percentage of employees trained by gender and employee category	—
KPI B3.2	The average training hours completed per employee by gender and employee category	—
<i>Aspect B4: Labour standards</i>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	Page 43
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour	—
KPI B4.2	Description of steps taken to eliminate child and forced labour practices when discovered	—

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
Operating practices		
<i>Aspect B5: Supply chain management</i>		
General disclosure	Policies on managing environmental and social risks of the supply chain	Page 43
KPI B5.1	Number of suppliers by geographical region	—
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored	—
<i>Aspect B6: Product responsibility</i>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	Page 44
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	—
KPI B6.2	Number of products and service related complaints received and how they are dealt with	—
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	—
KPI B6.4	Description of quality assurance process and recall procedures	—
KPI B6.5	Description of consumer data protection and privacy policies, how they are implemented and monitored	—
<i>Aspect B7: Anti-corruption</i>		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	Page 45
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases	—
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored	—
Community		
<i>Aspect B8: Community investment</i>		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests	Page 46
KPI B8.1	Focus areas of contribution	—
KPI B8.2	Resources contributed to the focus areas	—

INDEPENDENT AUDITOR'S REPORT



羅兵咸永道

To the Shareholders of TOMO Holdings Limited

(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of TOMO Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 54 to 93, which comprise:

- the consolidated balance sheet as at 31 December 2017;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2017, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

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

INDEPENDENT AUDITOR'S REPORT

Independence

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter identified in our audit is provision for warranty cost.

Key Audit Matter	How our audit addressed the Key Audit Matter
<p>Provision for warranty cost</p> <p>Refer to Note 4 (Critical accounting estimates and judgments) and Note 22(b) (provision for warranty cost) to the consolidated financial statements.</p> <p>The Group provides 12-36 months warranties on certain passenger vehicle leather upholstery and electronic accessories and undertakes to repair or replace items that fail to perform satisfactorily.</p> <p>As at 31 December 2017, the Group has warranty provision of \$281,003 based on management's estimation with reference to historical rate of warranty claim and estimated costs of repairs and replacements.</p> <p>We focused on this area as the estimation of costs to be incurred in respect of the expected rate of warranty claim and estimated costs of repairs and replacements involved significant management judgment.</p>	<p>Our procedures in relation to management's warranty provision estimates focused on the following:</p> <ul style="list-style-type: none"> • understanding, evaluating and validating key controls exercised by management to monitor the Group's warranty obligations and estimate the required provision based on historical experience of the costs of repairs and replacements; • considering the reasonableness of the key inputs management applied to estimate the warranty provision by comparing (a) the expected rate of warranty claim to the historical rate of warranty claim and (b) the estimated cost of repairs and replacements to the latest quotation from major suppliers. In addition, we have also discussed with management and performed sensitivity analysis on management estimation for the overall reasonableness of the key inputs; • comparing the prior year's estimated warranty provision amount against actual claims occurred during the year to identify if significant variances exist in order to evaluate the reasonableness of management's historical estimate on the warranty provision; and • discussing with management on the existence of any indicators of any product defects that may have occurred during the year and subsequent to the year-end that would significantly affect the accuracy of the provision estimates. <p>Based on our procedures performed, we found that the judgment and assumptions applied by management in estimating the warranty provision were supported by available evidence.</p>

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND THE AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The audit committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the audit committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the audit committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Leung Chi Hang, Benson.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 28 March 2018

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December	
		2017 S\$	2016 S\$
Revenue	6	14,534,289	13,081,710
Cost of sales	9	(8,597,194)	(7,831,869)
Gross profit		5,937,095	5,249,841
Other income	7	38,525	60,516
Other losses — net	8	(396,376)	(80,893)
Selling and distribution expenses	9	(361,096)	(426,557)
Administrative expenses	9	(4,109,176)	(1,154,938)
Finance income/(cost) — net	11	6,862	(2,883)
Profit before income tax		1,115,834	3,645,086
Income tax expense	12	(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)	13	0.10	0.89

The notes on pages 58 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2017

		As at 31 December	
		2017	2016
		S\$	S\$
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	14	1,151,833	1,077,489
Deferred tax assets	16	—	4,000
		1,151,833	1,081,489
Current assets			
Inventories	18	1,046,148	614,926
Trade and other receivables	17	3,160,236	2,925,580
Fixed deposits	19	6,494,172	108,117
Cash and cash equivalents	19	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 reserve attributable to equity holders of the company			
Share capital/paid-in capital	21	793,357	200,000
Share premium	21	12,398,264	—
Other reserve		200,000	—
Retained earnings		5,536,226	8,135,013
Total equity		18,927,847	8,335,013
LIABILITIES			
Non-current liabilities			
Deferred tax liabilities	16	13,000	—
Current liabilities			
Trade and other payables	22	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

The consolidated financial statements on pages 54 to 93 were approved for issue by the Board of Directors on 28 March 2018 and were signed on its behalf.

Mr. Siew Yew Khuen
Director

Ms. Lee Lai Fong
Director

The notes on pages 58 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

Attributable to the equity holders of the Company						
		Share capital/ paid-in capital (Note 21) S\$	Share premium (Note 21) S\$	Other reserve S\$	Retained earnings S\$	Total S\$
	Note					
At 1 January 2016		200,000	—	—	7,118,927	7,318,927
Comprehensive income						
Profit and total comprehensive income for the year		—	—	—	3,016,086	3,016,086
Transactions with owners in their capacity as owners:						
Dividends paid	23	—	—	—	(2,000,000)	(2,000,000)
At 31 December 2016		200,000	—	—	8,135,013	8,335,013
At 1 January 2017		200,000	—	—	8,135,013	8,335,013
Comprehensive income						
Profit and total comprehensive income for the year		—	—	—	401,213	401,213
Transactions with owners in their capacity as owners:						
Dividends paid	23	—	—	—	(3,000,000)	(3,000,000)
Reorganisation	21	(200,000)	—	200,000	—	—
Capitalisation of shares	21	595,018	(595,018)	—	—	—
Issuance of shares by share offer, net of share issuing expenses	21	198,339	12,993,282	—	—	13,191,621
Total transactions with owners in their capacity as owners		593,357	12,398,264	200,000	(3,000,000)	10,191,621
At 31 December 2017		793,357	12,398,264	200,000	5,536,226	18,927,847

The notes on pages 58 to 93 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2017

	Year ended 31 December	
Note	2017 S\$	2016 S\$
Cash flow from operating activities		
Profit before income tax	1,115,834	3,645,086
Adjustments for:		
— Gain on disposals of property, plant and equipment	(50)	—
— Depreciation of property, plant and equipment	206,925	157,009
— Write-off of inventories	5,792	17,631
— Finance cost	—	2,992
— Finance income	(6,862)	(109)
Operating profit before working capital changes	1,321,639	3,822,609
Changes in working capital:		
— Inventories	(437,014)	487,982
— Trade and other receivables	(323,926)	(952,380)
— Trade and other payables	221,816	256,623
Cash generated from operations	782,515	3,614,834
Income tax paid	(612,043)	(575,599)
Net cash generated from operating activities	170,472	3,039,235
Cash flows from investing activities		
Proceeds from disposals of property, plant and equipment	50	—
Purchase of property, plant and equipment	(281,269)	(173,388)
Interest received	148	109
Increase in fixed deposits	(6,386,055)	(109)
Net cash used in investing activities	(6,667,126)	(173,388)
Cash flows from financing activities		
Repayment of finance lease	—	(57,398)
Interest paid	—	(2,992)
Dividends paid	(3,000,000)	(2,000,000)
Proceeds from share issuance upon listing	14,478,764	—
Listing expenses paid in respect of share issuance	(1,191,159)	(95,984)
Net cash generated from/(used in) financing activities	10,287,605	(2,156,374)
Net increase in cash and cash equivalents	3,790,951	709,473
Cash and cash equivalents at beginning of the year	5,210,089	4,500,616
Cash and cash equivalents at end of the year	19 9,001,040	5,210,089

The notes on pages 58 to 93 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION

1.1 General information

TOMO Holdings Limited ("the Company") was incorporated in the Cayman Islands on 16 January 2017 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company have been listed on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (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 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 Company and its subsidiaries (the "Group") are principally engaged in the (i) design, manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of vehicle electronic accessories (the "Listing Business"). These consolidated financial statements are presented in Singapore dollars ("S\$"), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 28 March 2018.

1.2 Reorganisation

Prior to the incorporation of the Company and the completion of the reorganisation (the "Reorganisation") as described below, the principal activities were carried out by TOMO-CSE Autotrim Pte Ltd ("TOMO-CSE" or "Operating Company"), a company incorporated in Singapore. Tomo-CSE is 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 is 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 is credited as fully-paid.
- e. Pursuant to the written resolutions passed on 23 June 2017, 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").

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION, REORGANISATION AND BASIS OF PRESENTATION (Continued)

1.2 Reorganisation (Continued)

- f. In connection with the Listing, 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.

1.3 Basis of presentation

Immediately before and after the Reorganisation, the Company and its subsidiaries were controlled by Mr. David Siew and Ms. Lee as the controlling shareholders. The transactions as described in Note 1.2 above are merely a reorganisation of the Listing Business with no change in management and the controlling shareholders of the Listing Business remains the same. Accordingly, the consolidated financial statements of the Company and the Listing Business have been presented using the historical carrying values of the assets and liabilities of the Listing Business as if the current group structure had been in existence since 1 January 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years and period presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared under the historical cost convention.

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. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

(i) Adoption of 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 Entities

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

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

The following are new standards, interpretations and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2018 or later periods, but have not been early adopted by the Group.

		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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(ii) *New standards, interpretations and amendments to standards which are not yet effective (Continued)*

Note i: (Continued)

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). 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

(ii) *New standards, interpretations and amendments to standards which are not yet effective (Continued)*

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 current accounting policy for such leases is set out in Note 2.15. The Group's future operating lease commitments as at 31 December 2017 amounting to S\$50,178, which are not reflected in the consolidated balance sheet, are set out in Note 24. IFRS 16 provides new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheet. Instead, all long-term leases must be recognised in the balance sheet in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In profit or loss, rental expenses will be replaced with depreciation and interest expense. The impacts on the Group's financial results and position upon the adoption of IFRS 16 as lessor of finance leases and operating leases are not expected to be material. The new standard is not expected to be applied by the Group until the financial year ended 31 December 2019.

2.2 Subsidiaries

Consolidation

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

(a) *Business combinations*

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

Acquisition-related costs are expensed as incurred.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

Consolidation (Continued)

(a) Business combinations (Continued)

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

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

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

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Property, plant and equipment

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

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

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

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

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

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

2.5 Impairment of non-financial assets

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Financial assets

(a) *Classification*

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables comprise "trade and other receivables" (Note 17) and "cash and bank balances" (Note 19) in the consolidated balance sheet.

(b) *Recognition and measurement*

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

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

(c) *Impairment*

Assets carried at amortised cost

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Inventories

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

2.8 Cash and cash equivalents

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

2.9 Share capital and dividends

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

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

2.10 Trade and other payables

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Current and deferred income tax

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

(a) *Current income tax*

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

(b) *Deferred income tax*

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

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

(c) *Offsetting*

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

(d) *Investment tax credit*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Sales tax

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

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of sales tax included.

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

2.13 Employee benefits

(a) *Defined contribution plans*

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

(b) *Employee leave entitlements*

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

2.14 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts and returns. The Company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction, the specifics of each arrangement and volume discounts.

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

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

(b) *Interest income*

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Leases

(a) *Finance leases*

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

(b) *Operating leases*

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

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

2.16 Government grants

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

Government grants are recognised when the grant is received.

2.17 Provision for warranty cost

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

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

3 FINANCIAL RISK MANAGEMENT

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(a) Market risk

(i) *Currency risk*

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

The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S\$") 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\$"), United States Dollar ("US\$") and Malaysia Ringgit ("MYR"). 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 would have been S\$1,027,337 (2016: S\$31,298) lower/higher mainly, 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\$).

(ii) *Interest rate risk*

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

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

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

(b) Credit risk

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

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

The trade receivables of the Group comprise 3 debtors that represented 85.6% of trade receivables as at 31 December 2017 (2016: 88.1%). The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

The credit risk for trade receivables and cash and cash equivalents based on the information provided to key management is as follows:

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

Fixed deposits that are neither past due nor impaired are mainly deposits with regulated banks. Trade and other receivables that are neither past due nor impaired are substantially companies with no credit histories of default with the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk (Continued)

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

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

The aging analysis of trade receivables past due but not impaired is disclosed in Note 17 of this consolidated financial statements.

(c) Liquidity risk

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

The Group's financial liabilities comprise trade and other payables excluding provision for warrants cost.

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

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

(d) Capital risk management

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2016 and 31 December 2017.

The Group monitors capital on the basis of gearing ratio. The gearing ratio is calculated as total debt divided by total capital.

The Group does not have any borrowing as at 31 December 2017 (2016: Nil).

(e) Fair value estimation

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

(a) Provision for warranty cost

The Group gives 12-36 months warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns. The Group made provision amounted to S\$281,003 as at 31 December 2017 (2016: S\$228,957).

(b) Impairment of trade receivables

The Group makes provision for impairment of trade receivables based on an assessment of the collectability of receivables, taking into account the debtors' financial conditions, any recent settlement plan committed by the debtors, and their status of settlement historically and subsequent to period end. Provisions for impairment are applied to receivables where events or changes in circumstances indicate that the balances may not be collectible.

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

5 SEGMENT INFORMATION

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5 SEGMENT INFORMATION (Continued)

	Passenger vehicle Leather upholstery		Passenger vehicle electronic accessories		Total	
	2017 S\$	2016 S\$	2017 S\$	2016 S\$	2017 S\$	2016 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
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

For the years ended 31 December 2017, revenue generated from our top five customers accounted for approximately 93.1% of our total revenue (2016: 92.1%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6 REVENUE

	Year ended 31 December	
	2017 S\$	2016 S\$
Sales and installation of goods	14,534,289	13,081,710

7 OTHER INCOME

	Year ended 31 December	
	2017 S\$	2016 S\$
Wages Credit Scheme	23,797	32,252
Special Employment Credit	14,728	20,118
Productivity and Innovation Credit bonus	—	8,146
	38,525	60,516

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

8 OTHER LOSSES — NET

	Year ended 31 December	
	2017 S\$	2016 S\$
Foreign exchange loss	(397,424)	(80,893)
Gain on disposals of property, plant and equipment	50	—
Other	998	—
	(396,376)	(80,893)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 EXPENSES BY NATURE

	Year ended 31 December	
	2017 S\$	2016 S\$
Costs of inventories	6,446,405	5,901,115
Freight and forwarding charges	32,798	26,799
Employee benefit costs (Note 10)	2,777,732	2,280,305
Depreciation of property, plant and equipment (Note 14)	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

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

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

	Year ended 31 December	
	2017 S\$	2016 S\$
Wages, salaries and allowances	2,400,706	2,008,983
Retirement benefit costs — defined contribution plans	144,205	126,968
Others	232,821	144,354
	2,777,732	2,280,305

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments

The remuneration of every director for the year ended 31 December 2017 is set out below:

Name of director	Fees S\$	Salaries, allowances and benefits in kind S\$	Employer's Contribution to defined contribution plans S\$	Other benefits S\$	Total S\$
Executive directors					
Mr. David Siew	—	328,162	6,720	—	334,882
Ms. Lee	—	208,162	9,360	—	217,522
Mr. Siew Yew Wai	—	89,898	11,040	—	100,938
Independent non-executive directors					
Mr. Clarence Tan Kum Wah	20,394	—	—	—	20,394
Mr. Lim Cher Hong	20,394	—	—	—	20,394
Mr. Gary Chan Ka Leung	20,394	—	—	—	20,394
	61,182	626,222	27,120	—	714,524

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

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

For the year ended 31 December 2017, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2016: None).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(b) Directors' emoluments (Continued)

(i) *Directors' retirement benefits*

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the year ended 31 December 2017 (2016: Nil).

(ii) *Directors' termination benefits*

No payment was made to directors as compensation for the early termination of the appointment for the year ended 31 December 2017 (2016: Nil).

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

No payment was made to the former employer of directors for making available the services of them as a director of the Company for the year ended 31 December 2017 (2016: Nil).

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

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors for the year ended 31 December 2017 (2016: Nil).

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

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 December 2017 (2016: Nil).

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

For the year ended 31 December 2016, the independent non-executive directors had not been appointed and therefore did not receive any remuneration in their capacities as the Company's directors.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS (Continued)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company include 3 executive directors for the years ended 31 December 2017 (2016: 3 executive directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals for the years ended 31 December 2017 (2016: 2 individuals) are as follows:

	Year ended 31 December	
	2017	2016
	S\$	S\$
Wages, salaries and allowances	221,170	155,980
Retirement benefit costs — defined contribution plans	29,138	17,497
	250,308	173,477

	Number of individuals	
	2017	2016
Emoluments band		
Nil — HK\$1,000,000 (equivalent to S\$ 170,899)	2	2

11 FINANCE INCOME/(COST) — NET

	Year ended 31 December	
	2017	2016
	S\$	S\$
Finance income:		
Interest income from fixed deposits	6,862	109
Finance cost:		
Interest expense on finance leases	—	(2,992)
Finance income/(cost) — net	6,862	(2,883)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 INCOME TAX EXPENSE

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

Singapore profits tax has been provided at the rate of 17% on the estimated assessable profit for the year (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 (Note 16)		
— 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

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

	Year ended 31 December	
	2017	2016
	S\$	S\$
Profit before income tax	1,115,834	3,645,086
Tax calculated at domestic tax rate of 17%	189,692	619,665
Tax effect of:		
— expenses not deductible for tax purposes	576,474	61,027
— non-taxable income	(2,008)	(3,065)
Singapore statutory income exemption	(35,925)	(45,925)
Effect of tax incentive	(60,279)	—
Under provision in prior years	46,621	—
Others	46	(2,702)
Income tax expense	714,621	629,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13 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

Note:

	Year ended 31 December	
	2017	2016
Number of shares issued at the beginning of the year	337,500,000	337,500,000
Effect of issuance of new shares upon listing	53,014,000	—
	390,514,000	337,500,000

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 1.2 (e) 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 year 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 year ended 31 December 2016 and 2017.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties S\$	Lightings, Renovation, Furniture & Fittings S\$	Machinery & Motor Vehicles S\$	Office equipment, Software and Computers S\$	Total S\$
At 1 January 2016					
Cost	1,150,227	201,100	658,306	143,235	2,152,868
Accumulated depreciation	(434,751)	(174,993)	(353,760)	(128,254)	(1,091,758)
Net book amount	715,476	26,107	304,546	14,981	1,061,110
Year ended 31 December 2016					
Opening net book amount	715,476	26,107	304,546	14,981	1,061,110
Additions	—	25,086	123,830	24,472	173,388
Depreciation	(42,504)	(15,131)	(89,012)	(10,362)	(157,009)
Disposal	—	—	—	—	—
Closing net book amount	672,972	36,062	339,364	29,091	1,077,489
At 31 December 2016 and 1 January 2017					
Cost	1,150,227	224,746	697,336	166,208	2,238,517
Accumulated depreciation	(477,255)	(188,684)	(357,972)	(137,117)	(1,161,028)
Net book amount	672,972	36,062	339,364	29,091	1,077,489
Year ended 31 December 2017					
Opening net book amount	672,972	36,062	339,364	29,091	1,077,489
Additions	—	4,626	158,448	118,195	281,269
Depreciation	(42,539)	(13,789)	(118,813)	(31,784)	(206,925)
Disposal	—	—	—	—	—
Closing net book amount	630,433	26,899	378,999	115,502	1,151,833
At 31 December 2017					
Cost	1,150,227	119,210	819,580	259,810	2,348,827
Accumulated depreciation	(519,794)	(92,311)	(440,581)	(144,308)	(1,196,994)
	630,433	26,899	378,999	115,502	1,151,833

Depreciation expense of S\$147,172, S\$2,836 and S\$56,917 (2016: S\$117,348, S\$2,834 and S\$36,827) has been charged to cost of sales, selling and distribution expenses and administrative expenses, respectively, for the year ended 31 December 2017.

Bank facilities are secured on legal mortgage of the leasehold properties with carrying values totalling S\$630,433 as at 31 December 2017 (2016: S\$672,972) (Note 20).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2017	2016
	S\$	S\$
Assets as per consolidated balance sheet		
Loans and receivables		
– Trade and other receivables	3,039,608	2,381,661
– Cash and cash equivalents	9,001,040	5,210,089
– Fixed deposit	6,494,172	108,117
Total	18,534,820	7,699,867
Liabilities as per consolidated balance sheet		
Other financial liabilities subsequently measured at amortised cost		
– Trade and other payables	1,323,680	1,101,864
Total	1,323,680	1,101,864

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 DEFERRED INCOME TAX

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

	As at 31 December	
	2017 S\$	2016 S\$
Deferred income tax (liability)/asset:		
– Deferred income tax liability to be settled after more than 12 months	(61,000)	(35,000)
– Deferred income tax asset to be settled within 12 months	48,000	39,000
	(13,000)	4,000

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

	2017 S\$	2016 S\$
At beginning of the year	4,000	12,000
Charged to consolidated statement of comprehensive income (Note 12)	(17,000)	(8,000)
At end of the year	(13,000)	4,000

The movements in deferred income tax are as follows:

Deferred income asset:

	Provision of warranty S\$
At 1 January 2016	36,000
Credited to consolidated statement of comprehensive income	3,000
At 31 December 2016	39,000
At 1 January 2017	39,000
Credited to consolidated statement of comprehensive income	9,000
At 31 December 2017	48,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

16 DEFERRED INCOME TAX (Continued)

Deferred income liability:

	Accelerated tax depreciation S\$
At 1 January 2016	24,000
Charged to consolidated statement of comprehensive income	11,000
At 31 December 2016	35,000
At 1 January 2017	35,000
Charged to consolidated statement of comprehensive income	26,000
At 31 December 2017	61,000

17 TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2017 S\$	2016 S\$
Trade receivables (Note a):		
— Third parties	3,027,091	2,375,558
Deposit, prepayment 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 receivable approximate their fair values.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 TRADE AND OTHER RECEIVABLES (Continued)

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17 TRADE AND OTHER RECEIVABLES (Continued)

(a) Trade receivables (Continued)

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

	As at 31 December	
	2017 S\$	2016 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.

18 INVENTORIES

	As at 31 December	
	2017 S\$	2016 S\$
Goods on hand		
Raw materials	63,676	41,405
Finished goods	982,472	573,521
	1,046,148	614,926

The cost of inventories included in cost of sales amounted to S\$6,446,405 for the year ended 31 December 2017 (2016: S\$5,901,115).

The Group has written off inventories included in cost of sales amounted to S\$5,792 in the year ended 31 December 2017 (2016: S\$17,631).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

19 CASH AND BANK BALANCES

	As at 31 December	
	2017 S\$	2016 S\$
Cash and cash equivalents		
– Fixed deposits with original maturities within three months	2,734,389	—
– Cash at banks	6,266,050	5,210,004
– Cash on hand	601	85
	9,001,040	5,210,089
Fixed deposits with original maturities exceeding three months	6,494,172	108,117
Total	15,495,212	5,318,206

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

	As at 31 December	
	2017 S\$	2016 S\$
HK\$	12,076,208	329,959
S\$	3,217,565	4,987,628
US\$	201,439	619
	15,495,212	5,318,206

The Group's fixed deposit of S\$108,117 is pledged to the banking facilities of the Group as at 31 December 2016.

20 BANKING FACILITIES

The Group's banking facilities are secured by pledge of the Group's fixed deposit of S\$NIL (2016: S\$108,117) (Note 19) and by the Group's leasehold properties with carrying values totalling S\$630,433 (Note 14) as at 31 December 2017 (2016: S\$672,972). They are also secured by personal guarantees of Mr. David Siew and Ms. Lee, both are the executive directors of the Company. In February 2017, the personal guarantees in relation to the banking facilities were released.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21 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 S\$	Share premium 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 passed on 23 June 2017, 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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND OTHER PAYABLES

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

22 TRADE AND OTHER PAYABLES (Continued)

(b) Provision for warranty cost

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

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

23 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.

24 OPERATING LEASE COMMITMENTS

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

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

	As at 31 December	
	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	89,192

There was no option for renewal of the above operating lease agreements.

The Group has no other material commitments as at 31 December 2017 (2016: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 RELATED PARTY TRANSACTIONS

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

The directors are of the view that the following parties were related parties that had material transactions or balances with the Group during the years ended 31 December 2016 and 2017:

Name	Relationship with the Group
Mr. David Siew	A shareholder and executive director of the Company
Ms. Lee	A shareholder and executive director of the Company
Mr. Siew Yew Wai	An executive director of the Company

In addition to the related party information disclosed above, the following set out the significant transactions carried out between the Group and its related parties in the ordinary course of business for the year ended 31 December 2017.

(a) Key management compensation

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

26 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 December 2017:

Company name	Country/ place of incorporation/ establishment	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares held by the Group
TOMO Enterprises Limited	BVI	1 Ordinary Share totaling US\$50,000	Investment holding/ Singapore	100 %	—
TOMO-CSE Autotrim Pte Ltd.	Singapore	200,000 Ordinary Shares totaling S\$200,000	Engaged in the (i) design manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of vehicle electronic accessories/ Singapore	—	100 %

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

		As at 31 December	
		2017	2016
		S\$	S\$
	Note		
ASSETS			
Non-current asset			
Investments in subsidiaries		4,958,628	—
		4,958,628	—
Current assets			
Amount due from a subsidiary		5,342	—
Trade and other receivables		46,204	—
Fixed deposits		6,494,172	—
Cash and cash equivalents		3,578,039	—
Total current assets		10,123,757	—
Total assets		15,082,385	—
EQUITY			
Equity attributable to owners of the Company			
Share capital		793,357	—
Share premium	(a)	12,398,264	—
Other reserve	(a)	4,958,627	—
Accumulated loss	(a)	(3,604,633)	—
Total equity		14,545,615	—
LIABILITY			
Current liabilities			
Other payables		197,894	—
Amount due to a subsidiary		338,876	—
Total liabilities		536,770	—
Total equity and liabilities		15,082,385	—

As at 31 December 2016, the Company had not been incorporated and, accordingly, it had no assets, liabilities or distributable reserves on that date.

The statement of financial position of the Company was approved for issue by the Board of Directors on 28 March 2018 and were signed on its behalf.

Mr. Siew Yew Khuen

Director

Ms. Lee Lai Fong

Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

27 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movement of the Company

	Share premium	Other reserve	Accumulated loss
	S\$	S\$	S\$
At 16 January 2017 (date of incorporation)	—	—	—
Issuance of shares and effects of the Reorganisation	—	4,958,627	—
Capitalisation of shares	(595,018)		—
Issue of shares by share offer, net of share issuing expenses	12,993,282	—	—
Loss and total comprehensive loss for the period from 16 January 2017 (date of incorporation) to 31 December 2017	—	—	(3,604,633)
At 31 December 2017	12,398,264	4,958,627	(3,604,633)

Other reserve represents the difference between the nominal value of the share issued and the net asset value of the subsidiaries of the Company upon the Reorganisation on 16 June 2017.

THREE YEARS FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Revenue	11,470	13,082	14,534
Profit before income tax	3,336	3,645	1,116
Income tax expense	(524)	(629)	(715)
Profit attributable to the owners of the Company for the year	2,812	3,016	401
Total comprehensive income attributable to the owners of the Company for the year	2,812	3,016	401

ASSETS AND LIABILITIES

	As at 31 December		
	2015 S\$'000	2016 S\$'000	2017 S\$'000
Total assets	8,679	9,940	20,853
Total liabilities	1,360	1,605	1,925
Net assets	7,319	8,335	18,928
Equity attributable to owners of the Company for the year	7,319	8,335	18,928



TOMO Holdings Limited

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