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## **TOMO Holdings Limited**

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

**(Stock Code: 8463)**

### **THIRD QUARTERLY RESULTS ANNOUNCEMENT FOR THE NINE MONTHS ENDED 30 SEPTEMBER 2019**

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

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board of the Stock Exchange and no assurance is given that there will be a liquid market in the securities traded on GEM.**

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

*The original announcement is prepared in the English language. This announcement is translated into Chinese. In the event of any inconsistencies between the Chinese and the English version, the latter shall prevail and it is available on the Company’s website at [www.thetomogroup.com](http://www.thetomogroup.com).*

## **SUMMARY**

- The unaudited revenue of the Group amounted to approximately S\$12,023,000 for the nine months ended 30 September 2019, representing a decrease of approximately S\$1,174,000 or 8.9% as compared with the revenue of approximately S\$13,197,000 for the nine months ended 30 September 2018.
- The unaudited profit of the Group was approximately S\$1,751,000 for the nine months ended 30 September 2019 as compared to the unaudited profit of approximately S\$3,116,000 for the nine months ended 30 September 2018. By excluding the Transfer Listing expenses in 2019, the Group's net profit for the nine months ended 30 September 2019 would be approximately S\$2,536,000.
- Basic and diluted earnings per share was S\$0.39 cents for the nine months ended 30 September 2019 as compared to basic and diluted earnings per share of S\$0.69 cents for the nine months ended 30 September 2018.
- No dividend is recommended by the Board for the nine months ended 30 September 2019.

## UNAUDITED THIRD QUARTERLY RESULTS

The board of Directors (the “Board”) of the Company is pleased to announce the unaudited condensed consolidated results of the Group for the three months and nine months ended 30 September 2019 together with the comparative unaudited figures for the corresponding periods in 2018 as follows:

### CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Revenue	4	<b>3,937,586</b>	4,771,231	<b>12,022,658</b>	13,196,806
Cost of sales	7	<b>(2,654,060)</b>	(2,845,326)	<b>(7,378,608)</b>	(7,772,693)
Gross profit		<b>1,283,526</b>	1,925,905	<b>4,644,050</b>	5,424,113
Other income	5	<b>39,820</b>	17,213	<b>123,877</b>	38,241
Other (losses)/gains – net	6	<b>43,184</b>	2,533	<b>(15,523)</b>	25,024
Selling and distribution expenses	7	<b>(101,630)</b>	(87,837)	<b>(333,478)</b>	(294,328)
Administrative expenses	7	<b>(489,610)</b>	(465,592)	<b>(2,160,339)</b>	(1,455,032)
Finance income – net		<b>29,782</b>	25,890	<b>84,486</b>	69,011
<b>Profit before income tax</b>		<b>805,072</b>	1,418,112	<b>2,343,073</b>	3,807,029
Income tax expenses	8	<b>(166,386)</b>	(260,708)	<b>(592,386)</b>	(691,143)
<b>Profit and total comprehensive income for the period attributable to equity holders of the Company</b>		<b><u>638,686</u></b>	<u>1,157,404</u>	<b><u>1,750,687</u></b>	<u>3,115,886</u>
<b>Earnings per share attributable to equity holders of the Company for the period</b>					
– Basic and diluted (Singapore cents)	10	<b><u>0.14</u></b>	<u>0.26</u>	<b><u>0.39</u></b>	<u>0.69</u>

## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Share capital S\$ (Unaudited)	Share premium S\$ (Unaudited)	Other reserve S\$ (Unaudited)	Retained earnings S\$ (Unaudited)	Total S\$ (Unaudited)
<b>2019</b>					
At 1 January 2019	793,357	12,398,264	200,000	9,778,323	23,169,944
Comprehensive income					
– Profit for the period	–	–	–	1,750,687	1,750,687
<b>Balance as at 30 September 2019</b>	<b><u>793,357</u></b>	<b><u>12,398,264</u></b>	<b><u>200,000</u></b>	<b><u>11,529,010</u></b>	<b><u>24,920,631</u></b>
<b>2018</b>					
At 1 January 2018	793,357	12,398,264	200,000	5,536,226	18,927,847
Comprehensive income					
– Profit for the period	–	–	–	3,115,886	3,115,886
<b>Balance as at 30 September 2018</b>	<b><u>793,357</u></b>	<b><u>12,398,264</u></b>	<b><u>200,000</u></b>	<b><u>8,652,112</u></b>	<b><u>22,043,733</u></b>

# NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

*For the nine months ended 30 September 2019*

## 1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands on 16 January 2017 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company were listed on GEM since 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 Group is principally engaged in the (i) supply and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of passenger vehicle electronic accessories. The revenue is recognised at the point when the goods are delivered to the customers. This condensed consolidated financial information is presented in Singapore dollars ("S\$"), unless otherwise stated.

## 2. BASIS OF PREPARATION

This condensed consolidated financial information for the nine months ended 30 September 2019 has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board (the "IASB") and the applicable disclosure provisions of the GEM Listing Rules. The condensed consolidated financial information should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2018.

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

### 3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the Company's consolidated financial statements for the year ended 31 December 2018, except as mentioned below.

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

The Group has adopted the following amendments to standards which are relevant to the Group's operations and are mandatory for the financial year beginning on or after 1 January 2019:

IFRS 16	Leases
IFRS 17	Insurance Contracts
IAS 7 (Amendment)	Statement of Cash Flows: Disclosure Initiative
IAS 12 (Amendment)	Recognition of Deferred Tax Assets for Unrealised Losses
IFRS 12 (Amendment)	Disclosure of Interests in other Entries

The adoption of the above amendments to standards did not have any significant financial impact on these consolidated financial statements. None of which has significant financial impact to the Group except for IFRS 16.

The Group leases office premise from third party under non-cancellable operating lease agreement. The lease agreement does not impose any covenant, but leased asset may not be used as security for borrowing purposes.

Until the 2018 financial year, payments made under operating lease were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, lease is recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of fixed payments (including in-substance fixed payments). The lease payments are discounted using incremental borrowing rate of the Group which the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability; and
- any lease payments made at or before the commencement date.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

The Group has adopted IFRS 16 Leases from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the simplified transition approach in the standard. Since the operating lease commitment as at 31 December 2018 was a short-term lease, it is exempted from IFRS 16. Thus, no reclassifications and the adjustments arising from the new leasing standards are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as “operating leases” under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019 in each territory or region where the lease assets are located. The weighted average discount rate applied to the lease liabilities on 1 January 2019 was 5.25%.

**(b) New standards and amendments to which are not yet effective**

The following new standards and amendments to standards have been issued, but are not effective for the Group’s financial year beginning on 1 January 2019 and have not been early adopted:

		<b>Effective for annual periods beginning on or after</b>
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	A date to be determined by the IASB
IAS 1 and IAS 8 (Amendment)	Definition of material	1 January 2020
IFRS 3 (Amendment)	Definition of a business	1 January 2020
IFRS 17	Insurance Contracts	1 January 2021
Revised Conceptual Framework	Revised Conceptual Framework for Financial Reporting	1 January 2020

The Group will apply the above new standards, interpretations and amendments to standards when they become effective. The rest of the new standards, interpretations and amendments to standards are not expected to have a significant effect on the condensed consolidated financial information of the Group.

#### 4. REVENUE

The Group's revenue are as follows:

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Supply and installation of goods</b>				
– Leather upholstery	841,630	1,380,190	3,342,434	3,796,051
– Electronic accessories	1,961,859	3,349,536	7,201,127	9,359,250
	<u>2,803,489</u>	<u>4,729,726</u>	<u>10,543,561</u>	<u>13,155,301</u>
<b>Sales of goods</b>				
– Electronic accessories	1,134,097	41,505	1,479,097	41,505
	<u>3,937,586</u>	<u>4,771,231</u>	<u>12,022,658</u>	<u>13,196,806</u>

#### 5. EXPENSES BY NATURE

	Three months ended 30 September		Nine months ended 30 September	
	2019	2018	2019	2018
	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Costs of inventories	2,162,216	2,273,281	5,933,378	6,257,424
Freight and forwarding charges	6,466	9,045	18,112	21,440
Employee benefit costs	691,199	711,386	2,121,845	2,117,009
Depreciation	77,638	74,476	226,624	194,321
Rental expenses	6,681	12,450	23,532	40,145
Commission	4,169	6,626	13,861	18,805
Entertainment	22,759	18,174	66,205	57,763
Motor vehicles expenses	13,514	11,412	37,379	32,340
Insurance	6,480	7,365	53,625	38,226
Travelling expenses	4,164	3,948	32,044	26,285
Advertisement	7,269	3,053	16,463	13,537
Auditor's remuneration				
– Audit services	39,753	39,886	119,854	115,303
Legal and professional fees	65,347	68,185	200,847	208,123
(Reversal)/write-off of inventories	(592)	(800)	1,413	(800)
Provision for warranty cost	49,476	98,602	76,733	156,219
Transfer listing expenses	41,037	–	785,290	–
Other operating expenses	47,724	61,665	145,220	225,913
	<u>3,245,300</u>	<u>3,398,755</u>	<u>9,872,425</u>	<u>9,522,053</u>
Total cost of sales, selling and distribution expenses and administrative expenses				



## 6. INCOME TAX EXPENSES

	Three months ended 30 September		Nine months ended 30 September	
	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)	2019 S\$ (Unaudited)	2018 S\$ (Unaudited)
Current income tax	<u>166,389</u>	<u>260,708</u>	<u>592,386</u>	<u>691,143</u>

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

Singapore profits tax has been provided at the rate of 17% on the estimated assessable profit for the year 2019 (2018:17%).

## 7. DIVIDENDS

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

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2019.

## 8. EARNINGS PER SHARE

	Three months ended 30 September		Nine months ended 30 September	
	2019 (Unaudited)	2018 (Unaudited)	2019 (Unaudited)	2018 (Unaudited)
Profit for the period attributable to equity holders of the Company (S\$)	<b>638,686</b>	1,157,404	<b>1,750,687</b>	3,115,886
Weighted average number of ordinary shares in issue	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>	<u>450,000,000</u>
Basic and diluted earnings per share (Singapore cents)	<u><b>0.14</b></u>	<u>0.26</u>	<u><b>0.39</b></u>	<u>0.69</u>

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

Diluted earnings per share for the nine months ended 30 September 2018 and 2019 are the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

# MANAGEMENT DISCUSSION AND ANALYSIS

## BUSINESS REVIEW

The Group is principally engaged in the (i) supply and installation of PV leather upholstery and electronic accessories; and (ii) sales of PV electronic accessories 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 traffic congestion, Singapore government controls the total number of vehicles in use by limiting the quota of COE. The COE allows the holder to own a vehicle for an initial period of 10 years, after which he must deregister his vehicle or extend his COE. The monthly COE quota, which is released every three months by the LTA, consists of (i) the replacement COE from vehicles deregistered in the preceding three-month period; (ii) the provision for a growth per annum for population of vehicles of certain categories based on the population as at the end of the preceding year; and (iii) the adjustment for changes in certain factors including but not limited to the taxi populations and the expired COE.

The Singapore government has implemented a zero growth rate for the population of the cars and motorcycles from February 2018 pared down from 0.25% in 2017 and introduced the Vehicular Emissions Scheme (the “VES”) on 1 July 2018. The VES was introduced to reduce harmful vehicle emissions. The worst performing pollutant determines the vehicle’s band and its corresponding VES rebate or surcharge. Notwithstanding the above, based on the historical COE breakdowns published by the LTA, the monthly COE is primarily affected by the number of replacements of de-registered vehicles, whereas other components have a relatively insignificant impact upon this number.

The Directors believe that the zero growth rate and the VES will not have a significant impact on the quota of COE. Though the COE quota is expected to decrease in the near future due to the cyclicity of the demand for new PVs. According to the Frost & Sullivan Report, the resulting adverse impacts on the B2B market are expected to be partially offset by the expected upward trend of the sales volume of used PVs. Meanwhile, the B2C PV interior modification market in Singapore is expected to grow steadily as more demand would be driven by, among others, the constantly increasing number of ageing PVs in Singapore, PV owners’ higher expectations on both the interior appearance and functionality of PV accessories, the increasingly diversified and advanced electronic accessories, and the growing number of used PV sales due to the COE limitation. With the combined effects from both the B2B and B2C markets, the total size of the PV interior modification market in Singapore is expected to increase in the near future. In line with the above industry trends, in order to capture the previous rapid growth in the B2B market and prepare for the operation of the B2C business in the near future, since the GEM Listing, the Group has been primarily focusing on the development of its B2B business as well as gaining B2C experience and exposure at relatively low cost by partnering with certain B2C leading players’ workshops and actively expanding its product to meet various market needs. Going forward, the Group is planning to allocate more resources and efforts into its B2C business in order to seize the opportunities for further expansion and growth. In addition, the Group has been making considerable marketing efforts to promote its products to the used PV segments and will continue to introduce innovative and niche products to the new PV market in order to enhance the profitability.

Based on the unaudited financial information of the Group, its total revenue for the nine months ended 30 September 2019 recorded a slight decrease of approximately 8.9% as compared to the same period in 2018, which was mainly due to a decrease in the demand for the navigation and multimedia accessories as a result of an impending change of PV models sold by the largest customer, which has led to the development of new compatible navigation systems by the Group and a declining demand for the existing navigation systems and leather upholstery mainly due to lower new car sales, offset by an increase in demand for safety and security accessories.

Despite the above and the potential decline in the B2B market in the near future, considering the generally positive future prospect of the overall PV interior modification market in Singapore and the existing leading position of the Group therein, as well as the Group's focus on the B2C market in the future, the Directors remain positive on the demand for the Company's services and products in the future and consider that the abovementioned initiatives of the Singapore government, namely the implementation of zero growth rate for the population of cars and motorcycles and the Vehicular Emission Scheme will not have a significant impact on the performance of the Company.

The Directors remain cautiously optimistic of the outlook for the Group in 2019, as we have established long standing and well-established relationships with many of our customers in Singapore.

## **PROSPECTS**

Notwithstanding the economic downturn in Singapore and the global uncertainty, the Group and the Directors will continue to strive to achieve its business objectives as stated in the prospectus issued by the Company dated 30 June 2017 (the "Prospectus"). The Group will focus on maintaining its leading position in the Singapore market, while seeking new business opportunities to expand its product offerings and services.

## **FINANCIAL REVIEW**

### **Revenue**

Total revenue of the Group for the nine months ended 30 September 2019 (the “Current Period”) was approximately S\$12,023,000 as compared to approximately S\$13,197,000 for the nine months ended 30 September 2018 (the “Corresponding Period”), representing a decrease of approximately S\$1,174,000 or 8.9%. Such decrease was attributable to the decrease in the demand of navigation system and leather upholstery as a result of an impending change of PV models, offset by an increasing demand for the safety and security accessories from our existing customers as well as sales of goods to both local and overseas dealers.

### **Gross Profit**

As a result of decrease in sales, the Group’s gross profit has fallen by approximately S\$780,000 or 14.4% from approximately S\$5,424,000 for the nine months ended 30 September 2018 to approximately S\$4,644,000 for the nine months ended 30 September 2019. Due the economic slowdown, the Group still succeeded in maintaining the gross profit margin of approximately 38.6% for the nine months ended 30 September 2019 which was close to the gross profit margin for the nine months ended 30 September 2018, which was approximately 41.1%. It was mainly due to the price adjustment for both selling and purchasing prices for some leather upholstery and safety and security accessories.

### **Other income**

Other income had increased by approximately S\$86,000 from approximately S\$38,000 for the nine months ended 30 September 2018 to approximately S\$124,000 for the nine months ended 30 September 2019. Such an increase was mainly related to rental income from the investment properties acquired in August 2018, despite lower Singapore government incentives granted under the Wages Credit Scheme and Special Employment Credit.

## **Other (losses)/gains – net**

Other losses– net had increased by approximately S\$41,000 from approximately of S\$25,000 of net gains for the nine months ended 30 September 2018 to approximately S\$16,000 of net losses for the nine months ended 30 September 2019. Other losses mainly represent foreign exchange losses resulted from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies, offset by the incentives received from suppliers.

## **Selling and Distribution Expenses**

Selling and distribution expenses had increased by approximately S\$39,000 from approximately S\$294,000 for the nine months ended 30 September 2018 to approximately S\$333,000 for the nine months ended 30 September 2019. The increase of the expenses mainly attributable to higher advertisement expenses, entertainment expenses, business promotion expenses and employee benefit costs.

## **Administrative Expenses**

Administrative expenses increased by approximately S\$705,000 from approximately S\$1,455,000 for the nine months ended 30 September 2018 to approximately S\$2,160,000 for the nine months ended 30 September 2019. The increase of administrative expenses was mainly due to the increase of professional fees in relation to the transfer of listing of the shares of the Company on the GEM to the Main Board (the “Transfer Listing”), offset by the decrease in stamp duty for the acquisition of investment properties and retirement benefits paid to an employee in 2018.

## **PROFIT FOR THE PERIOD**

The Group reported profit was approximately S\$1,751,000 for the Current Period. The profit decreased by approximately S\$1,365,000 from approximately S\$3,116,000 for the Corresponding Period. By excluding the Transfer Listing expenses in 2019, the Group’s net profit for the nine months ended 30 September 2019 would be approximately S\$2,536,000.

## **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 announcement, 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:

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

<b>Name of Director</b>	<b>Capacity/ Nature of interest (Note 1)</b>	<b>Number of shares held</b>	<b>Approximately percentage of shareholding of the Company (Note 2)</b>
Mr. David Siew	Interest of a controlled corporation	230,000,000	51.11%
Ms. Lee	Interest of a controlled corporation	230,000,000	51.11%

#### *Notes:*

1. The entire issued share capital of TOMO Ventures is legally and beneficially owned as to 51.0% by Ms. Lee and as to 49.0% by Mr. David Siew. Accordingly, Ms. Lee and Mr. David Siew are deemed to be interested in 230,000,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee and Mr. David Siew are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.
2. The percentage is calculated on the basis of 450,000,000 shares in issue as at the date of this announcement.

Save as disclosed above, as at 30 September 2019, none of the Directors or Chief Executive had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he was taken or deemed to have under such provisions of the SFO) or which was required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules to be notified to the Company and the Stock Exchange.

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

Up to the date of this announcement, 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:

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

<b>Name</b>	<b>Capacity/ Nature of interests</b>	<b>Number of shares held <i>(Note 1)</i></b>	<b>Approximately percentage of shareholding of the Company</b>
Mr. David Siew	Interest of a controlled corporation <i>(Note 2)</i>	230,000,000 (L)	51.11%
Ms. Lee	Interest of a controlled corporation <i>(Note 2)</i>	230,000,000 (L)	51.11%
TOMO Ventures	Beneficial owner	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 of TOMO Ventures is legally and beneficially owned as to 51.0% by Ms. Lee and as to 49.0% by Mr. David Siew. Accordingly, Ms. Lee and Mr. David Siew are deemed to be interested in 230,000,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee and Mr. David Siew are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

## **SHARE OPTION SCHEME**

A share option scheme (the “Share Option Scheme”) has been adopted by passing of written resolutions by the then shareholders of the Company and was effective on 23 June 2017. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. No share options have been granted under the Share Option Scheme since its effective date up to 30 September 2019.

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

Save as disclosed under the paragraphs headed “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” and “SHARE OPTION SCHEME” in this announcement, at no time during the nine months ended 30 September 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of the Company or any other body corporate.

## **COMPETING INTERESTS**

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



## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted the required standard of dealings (the “Required Standard of Dealing”) set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code of conduct for dealing in securities of the Company by the Directors. Having made specific enquiries of all the Directors, each of them have confirmed that they have complied with the Required Standard of Dealings for the nine months ended 30 September 2019, the date of the listing of the share of the Company on the GEM (the “Listing Date”), to the date of this announcement. No incident of non-compliance was noted by the Company during such period.

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

The issued shares of the Company were listed on GEM on 13 July 2017. Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company’s listed securities after the Listing and up to the date of this announcement.

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE**

The Company is committed to achieving high standards of corporate governance to safeguard the interests of the shareholders of the Company and enhance its corporate value. The Company’s corporate governance practices are based on the principles and code provisions as set out in the Corporate Governance Code in Appendix 15 to the GEM Listing Rules (the “CG Code”).

Throughout the nine months ended 30 September 2019, to the best knowledge of the Board, the Company had complied with the code provisions in the CG Code, save for the deviation from the code provisions A.2.1 as explained below:

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

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

## **INTERIM DIVIDEND**

The Board does not recommend the payment of a dividend for the nine months ended 30 September 2019.

## **AUDIT COMMITTEE**

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

The Audit Committee had reviewed the unaudited condensed consolidated results of the Group for the six months ended 30 June 2019 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

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

Hong Kong, 5 November 2019

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

### *Executive Directors*

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

Ms. Lee Lai Fong (*Compliance Officer*)

Mr. Siew Yew Wai

Mr. Zha Jianping

### *Independent non-executive Directors*

Mr. Clarence Tan Kum Wah

Mr. Gary Chan Ka Leung

Mr. Ng Chee Chin

*This announcement will remain on the “Latest Company Reports” page of the GEM website (www.hkgem.com) for at least 7 days from the date of its publication and on the website of the Company (www.thetomogroup.com).*