TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2019

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
In S$ ('000)	**2019**	2018	Change
Revenue	**16,487**	17,818	(7.5%)
Gross profit	**6,580**	7,547	(12.8%)
Gross profit margin	**39.9%**	42.4%	(2.5%)
Profit for the year	**2,239**	4,242	(47.2%)
Profit for the year excluding Transfer of Listing expenses	**3,761**	4,242	(11.3%)

	As at 31 December		
In S$ ('000)	**2019**	2018	Change
Fixed deposits and cash and cash equivalents	**19,536**	16,472	18.6%
Total assets	**27,896**	25,685	8.6%
Total liabilities	**2,487**	2,515	(1.2%)
Total equity	**25,409**	23,170	9.7%

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

ANNUAL RESULTS

The board (the "Board") of directors (the "Directors") of the Company is pleased to announce the consolidated results of the Group for the financial year ended 31 December 2019 (the "Current Year") together with the comparative figures for the financial year ended 31 December 2018 (the "Corresponding Year") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

		Year ended 31 December	
		2019	2018
	Notes	***S$***	*S$*
Revenue	*4*	**16,487,087**	17,818,277
Cost of sales	*5*	**(9,906,595)**	(10,271,061)
Gross profit		**6,580,492**	7,547,216
Other income		**160,176**	72,030
Other (losses)/gains – net		**(37,609)**	64,941
Selling and distribution expenses	*5*	**(443,484)**	(422,310)
Administrative expenses	*5*	**(3,336,927)**	(1,868,622)
Finance income		**150,415**	97,584
Finance cost on lease liabilities		**(4,488)**	–
Fair value loss on investment properties		**–**	(238,850)
Profit before income tax		**3,068,575**	5,251,989
Income tax expense	*6*	**(829,173)**	(1,009,892)
Profit for the year		**2,239,402**	4,242,097
Profit and total comprehensive income for the year attributable to equity holders of the Company		**2,239,402**	4,242,097
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted *(Singapore cents)*	*8*	**0.50**	0.94

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

		As at 31 December	
		2019	2018
	Notes	***S$***	*S$*
ASSETS			
Non-current assets			
Investment properties		**3,150,000**	3,150,000
Property, plant and equipment		**1,074,829**	1,328,115
Right-of-use assets		**83,913**	–
Deferred tax asset		**1,000**	–
		4,309,742	4,478,115
Current assets			
Inventories		**790,943**	1,381,437
Trade and other receivables	*9*	**3,259,897**	3,353,691
Fixed deposits		**9,263,692**	–
Cash and cash equivalents		**10,271,910**	16,472,052
		23,586,442	21,207,180
Total assets		**27,896,184**	25,685,295
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	*10*	**793,357**	793,357
Share premium		**12,398,264**	12,398,264
Other reserve		**200,000**	200,000
Retained earnings		**12,017,725**	9,778,323
Total equity		**25,409,346**	23,169,944

	Notes	As at 31 December **2019** *S$*	2018 *S$*
LIABILITIES			
Non-current liabilities			
Lease liabilities		**47,365**	–
Deferred tax liabilities		**–**	4,000
		47,365	4,000
Current liabilities			
Trade and other payables	*11*	**1,550,115**	1,522,351
Lease liabilities		**38,358**	–
Current income tax liabilities		**851,000**	989,000
		2,439,473	2,511,351
Total liabilities		**2,486,838**	2,515,351
Total equity and liabilities		**27,896,184**	25,685,295

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 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 have been listed on GEM of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 13 July 2017 and were transferred to be listed on the Main Board of the Stock Exchange on 23 December 2019 (the "Transfer of Listing").

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

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

2. BASIS OF PREPARATION

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

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

3. ACCOUNTING POLICIES

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

(a) Adoption of new and amendments to standards

The Group has adopted the following standards and 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:

Amendments to IFRS 1	Deletion of short-term exemptions for first-time adopters
Amendments to IFRS 9	Prepayment features with negative compensation
Amendments to IAS 19	Defined benefit plan amendment, curtailment or settlement
Amendments to IAS 28	Long-term interests in associates and joint ventures
IFRS 16	Leases
IFRIC 23	Uncertainty over income tax treatment
Annual improvements project	Annual improvements 2015-2017 Cycle

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. The adoption of other new and amended IFRSs does not have any material impact on the Group's consolidated financial statements for the current period.

(b) 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 2020 or later periods, but have not been early adopted by the Group.

		Effective for annual periods beginning on or after
Amendments to IFRS 3	Definition of a business	1 January 2020
Amendments to IAS 1 and IAS 8	Definition of material	1 January 2020
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
IFRIC 17	Insurance contracts	1 January 2021
Amendments to IFRS 10 and IAS 28	Sale or contribution of assets between an investor and its associate or joint venture	Effective date to be determined

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively and there is no cumulative effect of initially applying the new standard on 1 January 2019. The impact of adoption is disclosed in Note 3.1 below. The adoption of other new and amendments to standards did not have any significant financial impact on these consolidated financial statements.

3.1 Changes in accounting policies

IFRS 16 Leases

The Group has adopted IFRS 16 retrospectively from 1 January 2019 but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019. The new accounting policies are disclosed in Note 2.8.

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 at date of adoption. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.25%.

	1 January 2019 *S$*
Operating lease commitments disclosed as at 31 December 2018	**7,266**
Less:	
Short-term leases recognised on a straight-line basis as expenses	**(7,266)**
Lease liabilities recognised as at 1 January 2019	**–**

There was no net impact on retained earnings on 1 January 2019.

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019;
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases; and
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4, Determining whether an arrangement contains a lease.

Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of IFRS 16.

4. REVENUE AND SEGMENT INFORMATION

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

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

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

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

	Passenger vehicle leather upholstery 31 December		**Passenger vehicle electronic accessories 31 December**		**Total 31 December**	
	2019	2018	**2019**	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*	***S$***	*S$*
Sales and installation of goods	**4,147,165**	5,124,366	**9,230,712**	11,744,846	**13,377,877**	16,869,212
Sales of goods	**–**	–	**3,109,210**	949,065	**3,109,210**	949,065
Segment revenue	**4,147,165**	5,124,366	**12,339,922**	12,693,911	**16,487,087**	17,818,277
Segment profit	**1,229,608**	1,653,079	**3,659,489**	2,468,962	**4,889,097**	3,893,648
Depreciation of property, plant and equipment	**(57,149)**	(62,605)	**(95,833)**	(95,378)	**(152,982)**	(157,983)
Depreciation of right-of-use assets	**(25,820)**	–	**–**	–	**(25,820)**	–
Unallocated expenses:						
Depreciation of property, plant and equipment					**(112,884)**	(99,018)
Depreciation of right-of-use assets					**(6,455)**	–
Fair value loss on investment properties					**–**	(238,850)
Professional fees in relation to Transfer of Listing					**(1,522,381)**	–
Profit before income tax					**3,068,575**	5,251,989
Income tax expense					**(829,173)**	(1,009,097)
Profit for the year					**2,239,402**	4,242,097

	Passenger vehicle leather upholstery 31 December		Passenger vehicle electronic accessories 31 December		Total 31 December	
	2019	2018	**2019**	2018	**2019**	2018
	S$	*S$*	***S$***	*S$*	***S$***	*S$*
Segment assets	**224,156**	405,035	**769,451**	1,236,968	**993,607**	1,642,003
Unallocated assets:						
Cash and cash equivalents					**10,271,910**	16,472,052
Trade and other receivables					**3,259,897**	3,353,691
Investment properties					**3,150,000**	3,150,000
Property, plant and equipment					**939,295**	1,067,549
Right-of-use assets					**16,783**	–
Fixed deposits					**9,263,692**	–
Deferred tax asset					**1,000**	–
Total assets					**27,896,184**	25,685,295
Additions to property, plant and equipment	**–**	11,165	**–**	–	**–**	11,165
Segment liabilities	**135,592**	164,390	**224,998**	317,331	**360,590**	481,721
Unallocated liabilities:						
Other payables and accruals					**1,258,103**	1,040,630
Current income tax liabilities					**851,000**	989,000
Lease liabilities					**17,145**	–
Deferred tax liabilities					**–**	4,000
Total liabilities					**2,486,838**	2,515,351

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

	Year ended 31 December	
	2019	2018
	S$	*S$*
Sales and installation of goods:		
– Passenger vehicle leather upholstery	**4,147,165**	5,124,366
– Passenger vehicle electronic accessories	**9,230,712**	11,744,846
	13,377,877	16,869,212
Sales of goods:		
– Passenger vehicle electronic accessories	**3,109,210**	949,065
	16,487,087	17,818,277

Information about major customers

For the year ended 31 December 2019, revenue generated from our top five customers accounted for approximately 94.4% of our total revenue (2018: 95.7%).

Geographical information

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

	Year ended 31 December	
	2019	2018
	S$	*S$*
Singapore	**13,419,127**	16,869,212
Malaysia	**3,067,960**	949,065
	16,487,087	17,818,277

The principal assets of the Group were located in Singapore as at 31 December 2019 and 2018.

5. EXPENSES BY NATURE

	Year ended 31 December	
	2019	2018
	S$	*S$*
Costs of inventories	**8,000,755**	8,236,777
Freight and forwarding charges	**20,595**	35,508
Employee benefit costs	**2,938,917**	2,961,502
Depreciation of property, plant and equipment	**265,866**	257,001
Depreciation of right-of-use assets	**32,275**	–
Rental expenses on short-term leases	**25,884**	55,698
Commission	**19,315**	22,233
Entertainment	**73,803**	79,929
Motor vehicles expenses	**50,734**	42,395
Insurance	**60,145**	57,034
Travelling expenses	**26,399**	38,068
Advertisement	**20,148**	30,456
Auditor's remuneration		
– Audit services	**155,000**	154,000
Legal and professional fees	**269,777**	298,304
Write-off of inventories	**14,861**	21,415
Provision for warranty cost	**98,954**	219,979
Reversal of unutilised warranty	**(97,742)**	(134,713)
Professional fees in relation to Transfer of Listing		
– Paid or payable to auditor	**145,886**	–
– Paid or payable to other professional parties	**1,376,495**	–
Other operating expenses	**188,939**	186,407
Total cost of sales, selling and distribution expenses and administrative expenses	**13,687,006**	12,561,993

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2019	2018
	S$	*S$*
Income tax:		
– Current income tax	**851,000**	989,000
– (Over)/under provision in prior years	**(16,827)**	29,892
	834,173	1,018,892
Deferred income tax:		
– Deferred income tax	**(5,000)**	(8,000)
– Over provision in prior years	**–**	(1,000)
	(5,000)	(9,000)
Income tax expense	**829,173**	1,009,892

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 (2018: 17%).

7. DIVIDENDS

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

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

	Year ended 31 December	
	2019	2018
Profit attributable to equity holders of the Company *(S$)*	**2,239,402**	4,242,097
Weighted average number of ordinary shares in issue *(‘000)*	**450,000**	450,000
Basic and diluted earnings per share *(Singapore cents)*	**0.50**	0.94

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

Diluted earnings per share is the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the years ended 31 December 2018 and 2019.

9. TRADE & OTHER RECEIVABLES

	As at 31 December	
	2019	2018
	S$	*S$*
Trade receivables *(Note a)*		
– Third parties	**3,196,335**	3,277,511
Deposit, prepayment and other receivables		
– Rental and other deposits	**5,645**	5,953
– Advance payment to suppliers	**11,508**	56,483
– Prepayment of operating expenses	**5,928**	13,744
– Interest receivable	**40,481**	–
	63,562	76,180
	3,259,897	3,353,691

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

(a) Trade receivables

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

	As at 31 December	
	2019	2018
	S$	*S$*
Unbilled revenue	**293,120**	739,983
1 to 30 days	**1,898,093**	1,311,503
31 to 60 days	**766,450**	1,091,301
61 to 90 days	**237,658**	130,283
Over 90 days	**1,014**	4,441
	3,196,335	3,277,511

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

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

10. SHARE CAPITAL

The share capital of the Group as at 31 December 2019 represented the share capital of the Company.

	Number of ordinary shares	**Share capital**	**Share premium**
	('000)	*S$*	*S$*
As at 31 December 2018 and 31 December 2019			
– Authorised	10,000,000	17,822,268	–
– Issued and fully paid	450,000	793,357	12,398,264

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	S$	*S$*
Trade payables *(Note a)*		
– Third parties	**292,012**	481,721
Other payables and accruals		
– Accrued operating expenses	**375,821**	344,329
– Accrued professional fees in relation to Transfer of Listing	**406,684**	–
– Provision for warranty cost *(Note b)*	**183,948**	263,885
– Goods and services tax payables	**145,974**	161,390
– Others	**145,676**	271,026
	1,258,103	1,040,630
	1,550,115	1,522,351

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 30 days' terms.

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

	As at 31 December	
	2019	2018
	S$	*S$*
1 to 30 days	**292,012**	481,721

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

	As at 31 December	
	2019	2018
	S$	*S$*
S$	**289,860**	481,248
US$	**362**	473
MYR	**1,790**	–
	292,012	481,721

(b) Provision for warranty cost

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

	2019	2018
	S$	*S$*
As at 1 January	**263,885**	281,003
Provisions utilised	**(81,149)**	(102,384)
Provisions charged to the consolidated statement of comprehensive income	**1,212**	85,266
As at 31 December	**183,948**	263,885

BUSINESS REVIEW

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

To alleviate the traffic congestion, the Singaporean government controls the total number of vehicles in use by limiting the Certificate of Entitlement ("COE") quota. From 2011 to 2013, the COE quota was reduced due to a declining number of deregistered passenger vehicles, thus resulting in higher COE premiums. From 2014 to 2018, there was a marked increase in the number of deregistered as well as newly registered passenger vehicles. In 2019, the number of newly registered passenger vehicles decreased by approximately 9.9% from 80,200 units in 2018 to 72,300 units. This is mainly due to the number of passenger vehicles reaching their ten-year COE period has decreased as compared to the all time high in 2017.

The Group achieved satisfactory results in 2019, despite the economic downturn in Singapore and global uncertainty. The Group's revenue for the year decreased by 7.5% to approximately S$16,487,000. Profit attributable to shareholders decreased by approximately S$481,000 to approximately HK$3,761,000 as compared to approximately S$4,242,000 in 2018 after excluding the Transfer of Listing expenses, primarily due to i) decrease in the revenue from passenger vehicle leather segment of approximately 19.1%; ii) lower gross profit margins as a result of reduced selling price; iii) increase in the selling and distributions costs incurred of approximately S$21,000 to S$443,000; and iv) foreign exchange loss during the year ended 31 December 2019 as compared to foreign exchange gains in 2018.

PROSPECTS

Since January 2020, Singapore has reported confirmed cases of the novel coronavirus ("COVID-19") which will affect the business environment of the country as a whole. 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

The total revenue of the Group for the Current Year was approximately S$16,487,000 as compared to approximately S$17,818,000 for the Corresponding Year, representing a decrease of approximately 7.5%. Such a decrease was attributable to the decrease in the demand of leather upholstery, navigation and multimedia accessories and safety and security accessories of approximately 19.1%, 7.0% and 0.5% respectively.

Gross profit

As a result of decrease in sales, the Group's gross profit fell by approximately S$967,000 or 12.8% from approximately S$7,547,000 for the Corresponding Year to approximately S$6,580,000 for the Current Year. Despite the economic slowdown, the Group was still able to archieve its gross profit margin to approximately 39.9% for the year ended 31 December 2019, as compared to gross profit margin of approximately 42.4% for the year ended 31 December 2018. This was mainly due to the offset of the reduction of warranty costs against lower selling prices.

Other income

Other income of the Group increased by approximately S$88,000 from approximately S$72,000 for the Corresponding Year to approximately S$160,000 for the Current Year. Such increase was mainly related to rental income from the investment properties acquired in August 2018 and offset by lower Singapore government incentives granted under the Wages Credit Scheme and Special Employment Credit.

Other (losses)/gains – net

Other losses – net increased by approximately S$103,000 from approximately S$65,000 of net gains for the Corresponding Year to approximately S$38,000 of net losses for the Current Year. Other losses mainly represent foreign exchange losses resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S$21,000 from approximately S$422,000 for the Corresponding Year to approximately S$443,000 for the Current Year. The increase of the costs was mainly attributable to employment of additional marketing staff.

Administrative expenses

Administrative expenses increased by approximately S$1,468,000 from approximately S$1,869,000 for the Corresponding Year to S$3,337,000 for the Current Year. The increase of administrative expenses was mainly due to one-off Transfer of Listing expenses of approximately S$1,522,000 in 2019 and offset by lower director fees and employee benefit costs.

PROFIT FOR THE YEAR

The Group reported profit was approximately S$2,239,000 for the current year. The profit decreased by approximately S$2,003,000, or 47.2% from approximately S$4,242,000 for the Corresponding Year. By excluding the Transfer Listing expenses, the Group's net profit for the current year would be approximately S$3,762,000.

LIQUIDITY AND FINANCIAL RESOURCES

During the Current Year, the Group financed its operations by cash flow from operating activities. As at 31 December 2019, the Group had net current assets of approximately S$21,147,000 (2018: S$18,696,000) including cash and cash balances of approximately S$19,536,000 (2018: S$16,472,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 9.7 times as at 31 December 2019 (2018: 8.4 times). The increase in the current ratio was mainly due to the higher cash and bank balances as at 31 December 2019 compared to 31 December 2018.

The Group's operations were financed principally by revenues generated from business operations and available cash and bank balances. The Group did not have any debt as at 31 December 2019 (2018: NIL).

USE OF PROCEEDS

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

An analysis of the amount utilised up to 31 December 2019 is set out as follow:

	Planned use of net proceeds from the Listing Date to 31 December 2019	Actual utilised amount up to 31 December 2019	Total remaining use of net proceeds as at 31 December 2019	Total use of net proceeds
	S$	*S$*	*S$*	*S$*
Upgrade existing facilities, acquire new machinery and premises	5,160,000	4,010,000	1,150,000	5,160,000
Strengthen our sales and marketing efforts	1,760,000	730,000	1,030,000	1,760,000
Expand our product offerings	1,430,000	1,430,000	–	1,430,000
Upgrade and integrate of our information technology system	920,000	280,000	640,000	920,000
Working capital and general corporate use	1,030,000	1,030,000	–	1,030,000
	10,300,000	7,480,000	2,820,000	10,300,000

The remaining net proceeds as at 31 December 2019 had been placed in interest-bearing deposits in bank in Hong Kong.

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

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had 56 employees (2018: 56), comprising of 3 executive Directors (2018: 3), 2 senior managements (2018: 2), 9 administrative employees (2018: 9) and 42 technicians (2018: 42).

Our employees are remunerated according to their job scope and responsibilities. For our technicians in passenger vehicle leather upholstery and accessories business, we offer incentives in addition to their salary. We offer bonuses for all employees, provided their performance is satisfactory. We also believe in promoting internally as this promotes employee satisfaction and enables us to improve service quality to our customers and enjoy a low employee turnover rate. We review the performance of our employees on a regular basis for salary and promotion appraisals.

Total staff costs, including directors' emolument, amounted to approximately S$2,939,000 for the year ended 31 December 2019 (2018: S$2,962,000).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2019, leasehold properties with carrying values totalling S$545,285 (2018: S$587,859) were pledged to secure the Group's banking facilities.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore dollars. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S$") and recognised assets and liabilities denominated in currencies other than S$. The foreign currencies giving rise to this risk are primarily the Hong Kong Dollar ("HK$"), the United States Dollar ("US$") and Malaysia Ringgit ("MYR"). As at 31 December 2019, 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 2019 would have been S$86,000 (2018: S$315,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK$ denominated cash and bank balances (2018: foreign exchange losses/gains on translation of HK$ denominated cash and bank balances).

COMMITMENTS

Non-cancellable operating lease

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

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

	As at 31 December	
	2019	2018
	S$	*S$*
– No later than 1 year	**112,400**	134,400
– Later than 1 year and not later than 5 years	**35,100**	65,600
	147,500	200,000

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

From 1 January 2019, the group has recognised right-of-use assets for these leases, except for short-term and low-value leases.

	As at 31 December 2018
	S$
– No later than 1 year	7,266
– Later than 1 year and not later than 5 years	–
	7,266

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the current year, there was no significant investment held by the Group.

CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented in Singapore and Malaysia. The directors of the Company are of the view that if the pandemic continues, due to potential delays in the supply chain for purchase of inventories and potential decrease in sales, the Group's financial results may be adversely impacted. Also, the Group applies fair value model to measure its investment properties. As at 31 December 2019, the fair value of the investment properties amounted to S$3,150,000. In 2020, fair value of the Group's investment properties may be subject to fluctuation due to the COVID-19 outbreak, the impact of which is still under assessment. The Group will continue to communicate with the external valuer to further understand the impact of the COVID-19 outbreak to the valuation of investment properties. Given the dynamic nature of the COVID-19 outbreak, the related impact on our Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage. Nonetheless, the Group will pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impact and take relevant measures.

SHARE OPTION SCHEME

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

DIRECTORS' SECURITIES TRANSACTIONS

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

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

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

COMPLIANCE WITH THE CORPORATE GOVERNANCE

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

Throughout the year ended 31 December 2019, to the best knowledge of the Board, the Company had complied with all the code provisions in the CG Code, save for the deviation from code provision A.2.1 as explained below:

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

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

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Tuesday, 2 June 2020. A notice convening the AGM will be issued and published in due course.

CLOSURE OF REGISTER OF MEMBERS

For ascertaining the entitlement of the shareholders of the Company to attend and vote at the AGM, the register of members of the Company will be closed from Thursday, 28 May 2020 to Tuesday, 2 June 2020, both dates inclusive. In order to be eligible to attend and vote at the AGM, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 May 2020.

DIVIDEND

The Board does not recommend the payment of final dividend for the year ended 31 December 2019.

AUDIT COMMITTEE

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

The Audit Committee has reviewed the consolidated financial statements of the Group for the year ended 31 December 2019 and is of the opinion that such consolidated financial statements complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures has been made.

The figures in respect of the Group's consolidated statement of comprehensive income, consolidated balance sheet and the related notes thereto for the year ended 31 December 2019 as set out in the preliminary announcement have been agreed by the Group's auditor, PricewaterhouseCoopers, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by PricewaterhouseCoopers in this respect did not constitute an assurance engagement in accordance with International Standards on Auditing, International Standards on Review Engagements or International Standards on Assurance Engagements issued by the International Auditing and Assurance Standards Board and consequently no assurance has been expressed by PricewaterhouseCoopers on the preliminary announcement.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This results announcement is available for viewing on the websites of the Stock Exchange at www.hkexnews.hk and of the Company at www.thetomogroup.com, respectively. The annual report of the Company for the year ended 31 December 2019 containing the information required by the Listing Rules and the applicable laws will be dispatched to the shareholders of the Company in due course.

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

Hong Kong, 26 March 2020

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