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TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED 30 JUNE 2020

SUMMARY

- The unaudited revenue of the Group amounted to approximately S\$2,601,000 for the six months ended 30 June 2020, representing a decrease of approximately S\$5,484,000, or 67.8% as compared with the revenue of approximately S\$8,085,000 for the six months ended 30 June 2019.
- The unaudited loss of the Group was approximately S\$96,000 for the six months ended 30 June 2020 as compared to the unaudited profit of approximately S\$1,112,000 for the six months ended 30 June 2019. By excluding the Transfer Listing expenses in 2019, the Group's net profit for the six months ended 30 June 2019 would be approximately S\$1,856,000.
- Basic and diluted losses per share was 0.02 Singapore cents for the six months ended 30 June 2020 as compared to basic and diluted earnings per share of 0.25 Singapore cents for the six months ended 30 June 2019.
- No interim dividend is recommended by the Board for the six months ended 30 June 2020.

UNAUDITED INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of the TOMO Holdings Limited (the “**Company**”, together with its subsidiaries, the “**Group**”) is pleased to announce the unaudited condensed consolidated results of the Group for the six months ended 30 June 2020 together with the comparative unaudited figures for the corresponding periods in 2019 as follows:

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	S\$	S\$
		(Unaudited)	(Unaudited)
Revenue	6	2,601,294	8,085,072
Cost of sales	9	(1,982,327)	(4,724,548)
Gross profit		618,967	3,360,524
Other income	7	267,490	84,057
Other gains/(losses) – net	8	36,143	(58,707)
Selling and distribution expenses	9	(202,645)	(231,848)
Administrative expenses	9	(876,469)	(1,670,729)
Finance income		62,775	56,658
Finance cost on lease liabilities		(2,044)	(1,954)
(Loss)/profit before income tax		(95,783)	1,538,001
Income tax expenses	10	–	(426,000)
(Loss)/profit and total comprehensive (loss)/income for the period attributable to owners of the Company		(95,783)	1,112,001
(Loss)/earnings per share attributable to owners of the Company for the period			
– Basic and diluted (Singapore cents)	12	(0.02)	0.25

CONDENSED CONSOLIDATED BALANCE SHEET

As at 30 June 2020

	Notes	As at 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)
ASSETS			
Non-current assets			
Investment properties		3,150,000	3,150,000
Property, plant and equipment	13	970,705	1,074,829
Right-of-use assets	14	64,549	83,913
Deferred tax asset		1,000	1,000
		<u>4,186,254</u>	<u>4,309,742</u>
Current assets			
Inventories		699,840	790,943
Trade and other receivables	15	922,555	3,259,897
Cash and bank balances		21,003,485	19,535,602
		<u>22,625,880</u>	<u>23,586,442</u>
Total assets		<u>26,812,134</u>	<u>27,896,184</u>
EQUITY AND LIABILITIES			
Capital and reserve attributable to equity holders of the Company			
Share capital	16	793,357	793,357
Share premium	16	12,398,264	12,398,264
Other reserve		200,000	200,000
Retained earnings		11,921,942	12,017,725
Total equity		<u>25,313,563</u>	<u>25,409,346</u>
LIABILITIES			
Non-current liabilities			
Lease liabilities	14	27,420	47,365
Current liabilities			
Trade and other payables	17	580,776	1,550,115
Lease liabilities	14	39,375	38,358
Current income tax liabilities		851,000	851,000
Total non-current liabilities		<u>1,471,151</u>	<u>2,439,473</u>
Total liabilities		<u>1,498,571</u>	<u>2,486,838</u>
Total equity and liabilities		<u>26,812,134</u>	<u>27,896,184</u>

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

<i>Note</i>	Share capital <i>S\$</i> (Unaudited)	Share premium <i>S\$</i> (Unaudited)	Other reserve <i>S\$</i> (Unaudited)	Retained earnings <i>S\$</i> (Unaudited)	Total <i>S\$</i> (Unaudited)
2020					
At 1 January 2020	793,357	12,398,264	200,000	12,017,725	25,409,346
Loss and total comprehensive loss – Loss for the period	–	–	–	(95,783)	(95,783)
Balance as at 30 June 2020	793,357	12,398,264	200,000	11,921,942	25,313,563
2019					
At 1 January 2019	793,357	12,398,264	200,000	9,778,323	23,169,944
Profit and total comprehensive income – Profit for the period	–	–	–	1,112,001	1,112,001
Balance as at 30 June 2019	793,357	12,398,264	200,000	10,890,324	24,281,945

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

		Six months ended 30 June	
		2020	2019
	Notes	S\$	S\$
		(Unaudited)	(Unaudited)
Cash flow from operating activities			
Profit before income tax		(95,783)	1,538,001
Adjustments for:			
– Depreciation of property, plant and equipment	13	113,182	136,076
– Depreciation of right-of-use assets	14	19,364	12,910
– (Write-back)/write-off of inventories		(396)	2,005
– Provision for warranty cost		25,797	69,996
– Finance income		(62,775)	(56,658)
– Finance cost on Lease liabilities	14	2,044	1,954
Operating profit before working capital changes		1,433	1,704,284
Changes in working capital:			
– Inventories		91,499	208,714
– Trade and other receivables		2,371,451	869,404
– Trade and other payables		(995,135)	(142,714)
Cash generated from operations		1,469,448	2,639,688
Income tax paid		–	(494,080)
Net cash generated from operating activities		<u>1,469,448</u>	<u>2,145,608</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(9,058)	(4,295)
Interest received		28,665	33,900
Net generated from investing activities		<u>19,607</u>	<u>29,605</u>
Cash flows from financing activities			
Principal element of lease payment		(18,928)	(12,027)
Interest element of lease payment		(2,044)	(1,954)
Net cash used in financing activities		<u>(20,972)</u>	<u>(13,981)</u>
Net increase in cash and cash equivalents		1,467,883	2,161,232
Cash and cash equivalents at beginning of the period		<u>19,535,602</u>	<u>16,472,052</u>
Cash and cash equivalents at end of the period		<u>21,003,485</u>	<u>18,633,284</u>

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL INFORMATION

For the six months ended 30 June 2020

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 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 Company and its subsidiaries (the “**Group**”) are 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

This condensed consolidated interim financial information for the six months ended 30 June 2020 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 Rules Governing the Listing of Securities on the Stock Exchange (the “**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 2019.

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 2019, 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 2020:

Amendment to IAS 1 and IAS 8	Definition of material
Amendment to IFRS 3	Definition of a business
Conceptual framework for financial reporting 2018	Revised conceptual framework for financial reporting

The Group will apply the above new standards, interpretations and amendments to standards when they become effective. The Group is in the process of making an assessment of the impact of the above new standards interpretations and amendments to standards.

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

The following new standards and amendments to standards have been issued, but are not effective for the Group's financial year beginning on 1 January 2020 and have not been early adopted:

Effective for annual periods beginning on or after		
IAS 28 and IFRS 10 (Amendment)	Sale or Contribution of Assets Between an Investor and its Associate or Joint Venture	Effective date to be determined
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 is in the process of making an assessment of the impact of the above new standards interpretations and amendments to standards.

4. ESTIMATES

The preparation of interim financial information requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this condensed consolidated interim financial information, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's combined financial statements for the year ended 31 December 2019.

5. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest risk), credit risk and liquidity risk.

The interim condensed consolidated financial information does not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Company's consolidated financial statements for the year ended 31 December 2019.

There have been no changes in the risk management policies since 31 December 2019.

Fair Value Estimation

Financial assets and financial liabilities measured at fair value in the statements of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement.

The carrying amounts of the Group's current financial assets, including trade and other receivables, inventories, fixed deposits, cash and cash equivalents and current financial liabilities, including trade and other payables and current income tax liabilities, approximate their fair values as at the reporting date due to their short term maturities. The carrying value of non-current financial assets and liabilities approximate its fair value as at reporting date.

6. 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) PV leather upholstery; and (ii) PV electronic accessories. The PV leather upholstery segment mainly represents the business of supplying and installing PV leather upholstery to PV distributors and dealers. The PV electronic accessories segment represents the business of supplying and installing PV electronic accessories to PV distributors and dealers. These PV distributors and dealers are located in Singapore.

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

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

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

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Total	
	As at 30 June		As at 30 June		As at 30 June	
	2020	2019	2020	2019	2020	2019
	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment revenue	585,862	2,500,804	2,015,432	5,584,268	2,601,294	8,085,072
Segment Profit	8,272	751,253	28,491	1,679,987	36,763	2,431,240
Depreciation of property, plant and equipment	(20,640)	(34,103)	(38,449)	(46,409)	(59,089)	(80,422)
Depreciation of right-of-use assets	(15,491)	(10,328)	–	–	(15,491)	(10,328)
Unallocated expenses:						
Depreciation of property, plant and equipment					(54,093)	(55,654)
Depreciation of right-of-use assets					(3,873)	(2,582)
Professional fees in relation to Transfer of Listing					–	(744,253)
(Loss)/profit before income tax					(95,783)	1,538,001
Income tax expenses					–	(426,000)
(Loss)/profit for the period					(95,783)	1,112,001

	Passenger vehicle leather upholstery As at 30 June		Passenger vehicle electronic accessories As at 30 June		Total As at 30 June	
	2020	2019	2020	2019	2020	2019
	S\$	S\$	S\$	S\$	S\$	S\$
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Segment assets	206,186	373,367	635,930	1,075,166	842,116	1,448,533
Unallocated assets:						
Cash and cash equivalents					21,003,485	18,633,284
Trade and other receivables					922,555	2,507,045
Investment properties					3,150,000	3,150,000
Property, plant and equipment					880,068	1,001,141
Right-of-use asset					12,910	20,656
Deferred tax assets					1,000	–
Total assets					26,812,134	26,760,659
Segment liabilities	54,905	177,032	25,052	275,017	79,957	452,049
Unallocated liabilities:						
Trade and other payables					554,255	1,080,913
Deferred tax liabilities					–	2,000
Current income tax liabilities					851,000	922,920
Lease liabilities					13,359	20,832
Total liabilities					1,498,571	2,478,714

The Group's revenue for the six months ended 30 June 2019 and 2020 are as follows:

	Six months ended 30 June	
	2020	2019
	S\$ (Unaudited)	S\$ (Unaudited)
Sales and installation of goods		
– Leather upholstery	585,862	2,500,804
– Electronic accessories	<u>2,015,432</u>	<u>5,239,268</u>
	2,601,294	7,740,072
Sales of goods		
– Electronic accessories	<u>–</u>	<u>345,000</u>
	<u>2,601,294</u>	<u>8,085,072</u>

7. OTHER INCOME

	Six months ended 30 June	
	2020	2019
	S\$ (Unaudited)	S\$ (Unaudited)
Foreign Worker Levy Rebates	44,250	–
Jobs Support Scheme	140,891	–
Wages Credit Scheme	16,370	7,401
Special Employment Credit	4,083	3,456
Rental income	<u>61,896</u>	<u>73,200</u>
	<u>267,490</u>	<u>84,057</u>

Wage Credit Scheme and Special Employment Credit are incentive introduced by the Singapore government to help corporates alleviate business costs in a tight labour market and to support business investments. Foreign Worker Levy Rebates and Jobs Support Scheme are wage support to employers, helping enterprises retain their employees during the 2020 Singapore circuit breaker measures as a preventive measure by the Government of Singapore in response to the COVID-19 pandemic. These incentives are granted in the form of cash payout.

8. OTHER GAINS/(LOSSES) – NET

	Six months ended 30 June	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Foreign exchange gain/(loss) – net	36,143	(77,563)
Others	–	18,856
	<u>36,143</u>	<u>84,057</u>

9. EXPENSES BY NATURE

	Six months ended 30 June	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Costs of inventories	1,245,627	3,771,162
Freight and forwarding charges	6,619	11,646
Employee benefit costs (<i>Note a</i>)	1,269,274	1,430,646
Depreciation of property, plant and equipment	113,182	136,076
Depreciation of right-of-use assets	19,364	12,910
Rental expenses on short-term leases	8,821	16,850
Commission	9,873	9,692
Entertainment	27,380	43,446
Motor vehicles expenses	19,174	23,865
Insurance	46,751	47,146
Travelling expenses	11,486	27,880
Advertisement	6,706	9,194
Auditor's remuneration		
– Audit services	76,250	80,101
Legal and professional fees	106,332	135,500
(Writeback)/write-off of inventories	(396)	2,005
Reversal of unutilised warranty	(32,517)	(42,739)
Provision for warranty cost	25,797	69,996
Professional fees in relation to Transfer of Listing	–	744,253
Other operating expenses	<u>101,718</u>	<u>97,496</u>
Total cost of sales, selling and distribution expenses and administrative expenses	<u>3,061,441</u>	<u>6,627,125</u>

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

	Six months ended 30 June	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Directors:		
Salaries, allowances and benefits in kind	351,239	380,043
Discretionary bonuses	16,000	15,000
Retirement benefit costs – defined contribution plans	13,240	14,550
Fees	43,411	53,881
	423,890	463,474
Other employees:		
Salaries, allowances and benefits in kind	718,354	838,997
Retirement benefit costs – defined contribution plans	54,610	56,653
Others	72,420	71,522
	845,384	967,172
	1,269,274	1,430,646

10. INCOME TAX EXPENSES

	Six months ended 30 June	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Current income tax	–	428,000
Deferred income tax	–	(2,000)
	–	426,000

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 2020 (2019:17%).

11. 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 six months ended 30 June 2020.

12. EARNINGS PER SHARE

	Six months ended 30 June	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Profit for the period attributable to equity holders the Company (S\$)	(95,783)	1,112,001
Weighted average number of ordinary shares in issue	<u>450,000,000</u>	<u>450,000,000</u>
Basic and diluted earnings per share (Singapore cents)	<u>(0.02)</u>	<u>0.25</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 six months ended 30 June 2019 and 2020 are the same as basic earnings per share due to the absence of dilutive potential ordinary shares during the respective periods.

13. PROPERTY, PLANT & EQUIPMENT

During the six months ended 30 June 2020, the Group acquired property, plant and equipment of approximately S\$9,000 (30 June 2019: approximately S\$4,000).

	Leasehold properties S\$	Lightings, Renovations, Furniture & Fittings S\$	Machinery & Motor vehicles S\$	Office equipment, Software & Computer S\$	Total S\$
At 31 December 2019 (Audited)					
Cost	1,150,227	50,519	1,172,248	219,756	2,592,750
Accumulated depreciation	(604,942)	(34,674)	(692,483)	(185,822)	(1,517,921)
Net book amount	<u>545,285</u>	<u>15,845</u>	<u>479,765</u>	<u>33,934</u>	<u>1,074,829</u>
Six months ended 30 June 2020 (Unaudited)					
Opening net book amount	545,285	15,845	479,765	33,934	1,074,829
Additions	–	–	–	9,058	9,058
Depreciation	(21,287)	(4,407)	(65,346)	(22,142)	(113,182)
Closing net book amount	<u>523,998</u>	<u>11,438</u>	<u>414,419</u>	<u>20,850</u>	<u>970,705</u>
At 30 June 2020 (Unaudited)					
Cost	1,150,227	50,519	1,172,248	228,814	2,601,808
Accumulated depreciation	(626,229)	(39,081)	(757,829)	(207,964)	(1,631,103)
Net book amount	<u>523,998</u>	<u>11,438</u>	<u>414,419</u>	<u>20,850</u>	<u>970,705</u>

14. RIGHT-OF-USE ASSET/LEASE LIABILITIES

	As at 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Unaudited)
Right-of-use asset		
At 1 January	83,913	–
Additions	–	116,188
Depreciation	(19,364)	32,275
	<u>64,549</u>	<u>83,913</u>
At 30 June	<u>64,549</u>	<u>83,913</u>
Lease liabilities		
At 1 January	85,723	–
Additions	–	116,188
Repayment	(20,972)	(34,953)
Interest charge	2,044	4,488
	<u>66,795</u>	<u>85,723</u>
At 30 June	<u>66,795</u>	<u>85,723</u>
Lease liabilities		
– Non-current liabilities	39,375	47,365
– Current liabilities	27,420	38,358
	<u>66,795</u>	<u>85,723</u>

15. TRADE & OTHER RECEIVABLES

	As at 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)
Trade receivables (Note a)		
– Third parties	<u>877,348</u>	<u>3,196,335</u>
Deposit, prepayment and other receivables		
– Rental and other deposits	5,645	5,645
– Advance payment to suppliers	21,671	11,508
– Prepayment of operating expenses	10,358	5,928
– Interest receivables	<u>7,533</u>	<u>40,481</u>
	<u>45,207</u>	<u>63,562</u>
	<u>922,555</u>	<u>3,259,897</u>

The carrying amounts of trade and other receivable 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 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)
Unbilled revenue	365,065	293,120
1 to 30 days	197,893	1,898,093
31 to 60 days	974	766,450
61 to 90 days	57,630	237,658
Over 90 days	<u>255,786</u>	<u>1,014</u>
	<u>877,348</u>	<u>3,196,335</u>

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.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. No material loss allowance was recognised as at 31 December 2019 and 30 June 2020.

16. SHARE CAPITAL

The share capital of the Group as at 31 December 2019 and the share capital of the Group as at 30 June 2020 represented the share capital of the Company.

	Number of ordinary shares	Share capital S\$	Share premium S\$
As at 31 December 2019 and 30 June 2020			
– Authorised	10,000,000,000	17,822,268	–
– Issued and fully paid	<u>450,000,000</u>	<u>793,357</u>	<u>12,398,264</u>

17. TRADE & OTHER PAYABLES

	As at 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)
Trade payables (Note a)		
– Third parties	<u>26,521</u>	<u>292,012</u>
Other payables and accruals		
– Accrued operating expenses	362,295	375,821
– Accrued professional fees in relation to Transfer of Listing	22,784	406,684
– Provision for warranty cost	127,049	183,948
– Goods and services tax payables	22,089	145,974
– Others	<u>20,038</u>	<u>145,676</u>
	<u>554,255</u>	<u>1,258,103</u>
	<u>580,776</u>	<u>1,550,115</u>

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 30 June 2020 S\$ (Unaudited)	As at 31 December 2019 S\$ (Audited)
1 to 30 days	<u>26,521</u>	<u>292,012</u>

The carrying amounts of the Group's trade payables are denominated in S\$, United States Dollar and Malaysian Ringgit. The carrying amounts of trade payables approximate their fair values.

18. RELATED PARTY TRANSACTIONS

For the purposes of this unaudited condensed consolidated financial information, 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 six months ended 30 June 2019 and 2020:

Name	Relationship with the Group
Mr. Siew Yew Khuen ("Mr David Siew")	A shareholder and executive director of the Company
Ms. Lee Lai Fong ("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 during the six months ended 30 June 2019 and 2020.

Key management compensation

Key management includes executive directors of the Company. The compensation paid or payable to key management for employee services is disclosed as follows:

	Six months ended 30 June	
	2020	2019
	S\$	S\$
	(Unaudited)	(Unaudited)
Salaries, allowances and benefits in kind	327,328	349,200
Discretionary bonuses	16,000	15,000
Retirement benefit costs – defined contribution plans	13,240	14,550
	356,568	378,750

19. 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	As at
	30 June	31 December
	2020	2019
	S\$	S\$
	(Unaudited)	(Audited)
– No later than 1 year	67,300	112,400
– Later than 1 year and not later than 5 years	13,650	35,100
	80,950	147,500

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW AND PROSPECTS

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 on 13 July 2017 (the “**Listing Date**”) and were transferred to be listed on the Main Board of the Stock Exchange on 23 December 2019.

The Group experienced challenging business operation conditions with the impact of COVID-19 pandemic, lockdowns and social distancing measures which resulted in temporary closures of all the Group’s businesses. Both business and consumer sentiment are expected to remain weak and the Group’s current performance will be significantly impacted.

According to the numbers released by the Land Transport Authority of Singapore, the total number of newly registered passenger vehicles in Singapore for the six months ended 30 June 2020 had decreased by approximately 21,000 units or 58.3% from approximately 36,000 units for the corresponding period in 2019. Certificate of Entitlement (“**COE**”) bidding exercises in Singapore were suspended in April 2020 when Singapore entered its circuit breaker on 7 April 2020. The last COE bidding exercise was on 18 March 2020. Since sale of vehicles was not considered as an essential service, it remained suspended in light of the tightened COVID-19 pandemic measures during the circuit breaker period. Thus, there were no sales of new vehicles during the period from April to June 2020. The COE bidding exercises have resumed on 8 July 2020, and the sales of new vehicles are expected to increase gradually.

Based on the unaudited financial information of the Group, its total revenue for the six months ended 30 June 2020 recorded a significant decrease of approximately 67.8% as compared to the same period in 2019, which was mainly due to a decrease in newly registered passenger vehicles in Singapore during the circuit breaker.

Going forward, we expect to face even greater headwinds. As we witness vast geopolitical uncertainty and tensions rising across the world, barriers to free trade punish businesses with global supply chains, and the COVID-19 virus continuing to ravage across continents, these events have brought forth the spectre of recession, and we must be prepared for the downturn that will likely follow.

However, our business is resilient. We have weathered storms before, and we will weather them again. We are confident that with the appropriate measures, we will come out of this difficult time even stronger, finding opportunities for us to sow the seeds for future successes. While the coming year will be tough on all of us, we are certain that we can benefit from this in the long run.

The Directors and management of the Company 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 future.

FINANCIAL REVIEW

Revenue

Total revenue of the Group for the six months ended 30 June 2020 (the “**Current Period**”) was approximately S\$2,601,000 as compared to approximately S\$8,085,000 for the six months ended 30 June 2019 (the “**Corresponding Period**”), representing a decrease of approximately S\$5,484,000 or 67.8%. Such decrease was mainly attributable to the decrease of the total number of newly registered passenger vehicles in Singapore and suspension of COE bidding exercise due to circuit breaker implemented in Singapore.

Gross profit

As a result of the decrease in sales and temporarily closure of our business, the Group’s gross profit has fallen by approximately S\$2,741,000 or 81.6% from approximately S\$3,360,000 for the six months ended 30 June 2019 to approximately S\$619,000 for the six months ended 30 June 2020. Despite the adverse business environment, the Group was able to maintain gross profit margin of approximately 23.8% for the six months ended 30 June 2020 and the gross profit margin for the six months ended 30 June 2019, which was approximately 41.6%.

Other income

Other income had increased by approximately S\$183,000 from approximately S\$84,000 for the six months ended 30 June 2019 to approximately S\$267,000 for the six months ended 30 June 2020. Such an increase was mainly attributed to Foreign Worker Levy Rebates and Jobs Support Scheme from the Singapore Government as measures to help enterprises retain their employees during the circuit breaker period.

Other gains/(losses) – net

Other gains increased by approximately S\$95,000 from approximately S\$59,000 of net losses for the six months ended 30 June 2019 to approximately S\$36,000 of net gains for the six months ended 30 June 2020. Other gains mainly represent foreign exchange gains resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies.

Selling and distribution expenses

Selling and distribution expenses had decreased by approximately S\$29,000 from approximately S\$232,000 for the six months ended 30 June 2019 to approximately S\$203,000 for the six months ended 30 June 2020. The decrease of the costs is mainly attributable to lower entertainment expenses, business promotion expenses and traveling expenses.

Administrative expenses

Administrative expenses decreased by approximately S\$795,000 from approximately S\$1,671,000 for the six months ended 30 June 2019 to approximately S\$876,000 for the six months ended 30 June 2020. The decrease of administrative expenses was mainly due to the decrease in employee benefit costs and 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**”) in 2019.

(LOSS)/PROFIT FOR THE PERIOD

The Group reported loss of approximately S\$96,000 for the Current Period. The profit decreased by approximately S\$1,208,000 from approximately S\$1,112,000 for the Corresponding Period. By excluding the Transfer Listing expenses in 2019, the Group's net profit for the six months ended 30 June 2019 would be approximately S\$1,856,000.

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 is substantially derived from sales to our largest customers and any decrease or loss of business with any Singapore subsidiaries of the largest customer, or our failure to maintain our reputation and customer services could materially and adversely affect our business, financial conditions and results of our operations. We also heavily rely on a single market in developing our business and our business may be materially affected by the limitation of COE availability.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group comprises ordinary shares only.

As at 30 June 2020, the Group had net current assets of approximately S\$21,155,000 (31 December 2019: S\$21,147,000) including cash and bank balances of approximately S\$21,003,000 (31 December 2019: S\$19,536,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 15.4 times as at 30 June 2020 (31 December 2019: 9.7 times). The increase in the current ratio was mainly due to the higher balances of cash and cash equivalent and lower other payables as at 30 June 2020 compared to 31 December 2019.

The Group's operations were financed principally by revenues generated from business operations and available cash and cash equivalents. The Group did not have any debt as at 30 June 2020 (31 December 2019: NIL). There was no finance cost incurred during the period ended 30 June 2020 (31 December 2019: NIL), hence, no gearing ratio of the Group is presented.

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 (the "**Prospectus**") with the Group's actual business progress up to 30 June 2020:

Business objectives up to 30 June 2020 as set out in the Prospectus

Actual business progress up to 30 June 2020

Upgrade existing facilities, acquire new machinery and premises

- | | |
|---|---|
| <ul style="list-style-type: none"> – Fit out heavy duty shelving in storage area of existing premises for PV electronic accessories and leather upholstery. | <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. The project is suspended due to COVID-19.</p> |
| <ul style="list-style-type: none"> – Acquire and renovate new premises to use as a showroom and workshop for PV leather upholstery and electronic accessories. | <p>The Group had acquired new premises for showroom and workshop. However, the previous landlord had entered into lease agreement with a tenant expiring in 2020.</p> |
| <ul style="list-style-type: none"> – Upgrade existing PV leather upholstery work bay, renovate showroom and replace dated office furniture, upgrading safety and security features and electrical wiring of work area. | <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. The project is suspended due to COVID-19.</p> |
| <ul style="list-style-type: none"> – Implement logistics management to maximise effective use of space, equipment and labour. | <p>The Group had appointed a Consultant for the logistics management. The Group is in the process of discussion and reviewing the plan. The project is suspended due to COVID-19.</p> |

**Business objectives up to 30 June 2020
as set out in the Prospectus**

Strengthen our sales and marketing efforts

- 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.

- Place advertisements in magazines, social media, websites and participate in motor roadshows to increase awareness of our brand and showcase our products.

- Enhance and improve our website content with more product information through digital search and social media and printing of brochures for our retail customers.

- Implement online platform to provide direct sales to retail customers. Maintain online platform to reach out to more retail customers.

Actual business progress up to 30 June 2020

The Group is in the process of exploring and identifying an appropriate consultant.

The Group is actively engaging with existing and potential customers to promote the products and services and building up a long-term relationship.

The Group is in the process of exploring and identifying an appropriate consultant.

The Group had appointed a Consultant for the enhancement and improvement of our website content and product brochures to our customers.

The Group had appointed a Consultant to create an e-commerce platform. The Group is in the process of discussion, reviewing and testing of the website.

**Business objectives up to 30 June 2020
as set out in the Prospectus**

**Actual business progress up to 30 June
2020**

Upgrade and integrate of our information technology system

- Upgrade existing servers and implement a new ERP system, electronic documentation and cloud back up storage.

The Group had upgraded the existing servers, implemented a new ERP system and cloud back up storage.

The Group had appointed the Consultant for the electronic documentation. The Group is in the process of discussion and reviewing the plan.

- Migrate accounting record to new ERP system and implement automated payroll system, point of sale system and fixed assets management system.

The Group had migrated the accounting record to new ERP System and implemented the automated payroll system.

The Group had appointed the Consultant for the point of sale system and fixed assets management system. The Group is in the process of discussion and reviewing the plan.

- Implement mobile job order system and warehouse and inventory tracking system.

The Group had appointed the Consultant for the mobile job order system and warehouse and inventory tracking system. The Group is in the process of discussion and reviewing the plan.

USE OF PROCEEDS

The net proceeds received by the Company from the Share Offer were approximately S\$10,300,000 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 30 June 2020 is set out as follow:

	Net proceeds S\$	Utilised as of 31 December 2019 S\$	Utilised as at 30 June 2020 S\$	Balance as at 30 June 2020 S\$	Expected timeline of full utilisation of the balance
Upgrade existing facilities, acquire new machinery and premises	5,160,000	4,010,000	4,030,000	1,130,000	Mid of 2021
Strengthen our sales and marketing efforts	1,760,000	730,000	870,000	890,000	End of 2020
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	300,000	620,000	End of 2020
Working capital and general corporate use	<u>1,030,000</u>	<u>1,030,000</u>	<u>1,030,000</u>	<u>–</u>	
	<u><u>10,300,000</u></u>	<u><u>7,480,000</u></u>	<u><u>7,660,000</u></u>	<u><u>2,640,000</u></u>	

The remaining net proceeds as at 30 June 2020 had been placed in interest-bearing deposits in bank in Hong Kong.

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

EMPLOYEE INFORMATION

As at 30 June 2020, the Group had 53 employees (31 December 2019: 57), comprising four executive Directors (31 December 2019: four), two senior managements (31 December 2019: two), eight administrative employees (31 December 2019: nine) and 39 technicians (31 December 2019: 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, if their performance is satisfactory. We also believe in promoting internally as this promotes employee satisfaction and enables us to improve our 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\$1,269,000 for the period ended 30 June 2020 (30 June 2019: S\$1,431,000).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

CHARGES ON THE GROUP'S ASSETS

As at 30 June 2020, leasehold properties with carrying values totalling S\$523,285 (31 December 2019: S\$545,285) 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 arising mainly from the exposure of S\$ against HK\$. Foreign exchange risk arises mainly from recognised assets. As at 30 June 2020, if the HK\$ had weakened or strengthened by 10% against the S\$ with all other variables held constant, post-tax profit for the year would have been approximately S\$79,000 (31 December 2019: S\$86,000) lower/higher as a result of foreign exchange losses/gains mainly on translation of HK\$ denominated cash and bank balances.

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the six months ended 30 June 2020, 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 Period.

EVENT AFTER THE REPORTING PERIOD

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

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 June 2020.

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 six months ended 30 June 2020 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.

COMPETITION AND CONFLICT OF INTERESTS

Except for the interests in the Group, none of the directors, the substantial shareholders or the management shareholders of the Company or any of their respective associates has engaged in any business that competes or may compete, either directly or indirectly, with the business of the Group or has any other conflict of interests with the Group during the Current Period.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURE

Apart from the Share Option Scheme, at no time during the Current Period was the Company or any associated corporation a party to any arrangement 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, and none of the Directors, or their spouses or children under the age 18, had any right to subscribe for the shares in, or debentures of, the Company, or had exercise any such rights.

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

The Company has not redeemed any of its shares during the Current Period. Neither the Company nor any of its subsidiaries had purchased, sold and redeemed any of the Company's listed securities 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 six months ended 30 June 2020, 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.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its own code of conduct for securities transactions. Following specific enquires of all Directors, all Directors confirm that they have complied with the required standards of dealing as set out in the Model Code throughout the six months ended 30 June 2020.

INTERIM DIVIDEND

The Board does not recommend the payment of an interim dividend for the six months ended 30 June 2020.

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 the CG Code as set out in Appendix 14 to the Listing Rules. 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 duties of the Audit Committee are, among others, 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 2020 and is of the opinion that such results complied with the applicable accounting standards, the requirements under the Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

PUBLICATION OF INTERIM RESULTS ANNOUNCEMENT AND INTERIM REPORT

This interim results announcement is published on the websites of both the Stock Exchange at www.hkexnews.hk and the Company at www.thetomogroup.com. An interim report of the Company for the six months ended 30 June 2020 will be dispatched to the shareholders of the Company and available on the same websites in due course.

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

Hong Kong, 4 August 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