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TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2021

FINANCIAL HIGHLIGHTS

In S\$ ('000)	For the year ended		
	31 December		
	2021	2020	Change
Revenue	9,710	6,185	57.0%
Gross profit	1,568	1,859	(15.7%)
Gross profit margin	16.1%	30.1%	(46.5%)
Profit for the year	118	173	(31.8%)

In S\$ ('000)	As at 31 December		
	2021	2020	Change
Fixed deposits and cash and cash equivalents	20,364	20,639	(1.3%)
Total assets	26,339	26,811	(1.7%)
Total liabilities	638	1,229	(48.1%)
Total equity	25,700	25,582	0.5%

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 2021 (the “Current Year”) together with the comparative figures for the financial year ended 31 December 2020 (the “Corresponding Year”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2021

	<i>Note</i>	2021 S\$	2020 S\$
Revenue	4	9,709,963	6,184,891
Cost of sales	5	(8,142,220)	(4,325,895)
Gross profit		1,567,743	1,858,996
Other income		854,595	438,392
Other gains/(losses) – net		18,685	(167,387)
Selling and distribution expenses	5	(413,039)	(377,714)
Administrative expenses	5	(1,938,559)	(1,539,278)
Finance income		698	63,893
Finance cost on lease liabilities		(1,523)	(3,586)
Profit before income tax		88,600	273,316
Income tax credit/(expense)	6	29,431	(100,332)
Profit for the financial year		118,031	172,984
Profit and total comprehensive income for the financial year attributable to equity holders of the Company		118,031	172,984
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (Singapore cents)	8	0.03	0.04

The accompanying notes form an integral part of these financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2021

	Note	2021 S\$	2020 S\$
Assets			
Non-current assets			
Investment properties		3,000,000	3,000,000
Property, plant and equipment		859,022	1,003,033
Intangible asset		100,353	—
Right-of-use asset		6,455	45,184
		<u>3,965,830</u>	<u>4,048,217</u>
Current assets			
Amount due from a shareholder		93,197	—
Inventories		443,578	668,338
Trade and other receivables	9	1,472,070	1,455,595
Cash and cash equivalents		20,364,047	20,638,689
		<u>22,372,892</u>	<u>22,762,622</u>
Total assets		<u><u>26,338,722</u></u>	<u><u>26,810,839</u></u>
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		12,308,740	12,190,709
Total equity		<u>25,700,361</u>	<u>25,582,330</u>

		2021	2020
	<i>Note</i>	<i>S\$</i>	<i>S\$</i>
Liabilities			
Non-current liabilities			
Lease liabilities		—	6,945
Deferred tax liability		<u>12,000</u>	<u>6,000</u>
		<u>12,000</u>	<u>12,945</u>
Current liabilities			
Trade and other payables	11	404,583	774,528
Contract liabilities		180,600	—
Lease liabilities		6,945	40,420
Current income tax liabilities		6,000	316,020
Provision	12	<u>28,233</u>	<u>84,596</u>
		<u>626,361</u>	<u>1,215,564</u>
Total liabilities		<u>638,361</u>	<u>1,228,509</u>
Total equity and liabilities		<u>26,338,722</u>	<u>26,810,839</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

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 Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

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 Room Nos. 4101-4104, 41/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, 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, automotive parts and motor vehicle. These consolidated financial statements are presented in Singapore dollars (“S\$”), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements for the year ended 31 December 2021 comprise the Company and its subsidiaries.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by International Accounting Standards Board (the “IASB”) and the disclosure requirements of the Hong Kong Companies Ordinance. 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and revised standards that are adopted

In the current financial year, the Group has adopted all the new and revised IFRSs and International Financial Reporting Interpretations Committee Interpretations (“IFRIC INT”) that are relevant to its operations and effective for the current financial year. In addition, the Group has also early adopted the Amendment to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021. Changes to the Group’s accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC INT. The adoption of these new/revised IFRSs and IFRIC did not have any material effect on these financial statements.

New standards, amendments to standards and interpretations not yet effective

New standards, amendments to standards and interpretations that have been issued at the balance sheet date but are not yet effective for the financial year ended 31 December 2021 have not been applied in preparing these financial statements. None of these are expected to have a significant effect on these consolidated financial statements of the Group.

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 three main business segments, namely (i) passenger vehicle leather upholstery; (ii) passenger vehicle electronic accessories; and (iii) automotive parts and motor vehicle. 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. The automotive parts and motor vehicle segment mainly represents the business of supplying automotive parts and motor vehicle to passenger vehicle distributors and dealers. Those 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.

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than cash and cash equivalents, intangible assets and investment properties which are classified as unallocated assets. Property, plant and equipment and right-of-use assets are allocated as allocated and unallocated assets based on the usage of these assets by segment.

The amounts provided to management with respect total liabilities are measured in a manner consistent with that of the financial statements. All liabilities are allocated to the reportable segments based on the operations of the segments other than other payables and accruals, current income tax liabilities and deferred tax liability which are classified as unallocated liabilities. Lease liabilities is allocated proportionately in both allocated and unallocated liabilities based on the liabilities incurred by segment.

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Automotive parts and motor vehicles		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Sales and installation of goods	988,329	1,468,786	3,471,301	4,521,115	–	–	4,459,630	5,989,901
Sales of goods	–	–	74,240	194,990	5,176,093	–	5,250,333	194,990
Segment revenue	988,329	1,468,786	3,545,541	4,716,105	5,176,093	–	9,709,963	6,184,891
Segment profit	29,098	157,978	104,359	507,192	152,380	–	285,837	665,170
Depreciation of property, plant and equipment	(26,833)	(40,538)	(53,712)	(69,892)	–	–	(80,545)	(110,430)
Depreciation of right-of-use assets	(30,983)	(30,983)	–	–	–	–	(30,983)	(30,983)
<i>Unallocated expenses:</i>								
Amortisation of intangible asset							(2,647)	–
Depreciation of property, plant and equipment							(75,316)	(92,695)
Depreciation of right-of-use assets							(7,746)	(7,746)
Fair value loss on investment properties							–	(150,000)
Profit before income tax							88,600	273,316
Income tax credit/(expense)							29,431	(100,332)
Profit for the financial year							118,031	172,984

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Automotive parts and motor vehicles		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	S\$	S\$	S\$	S\$	S\$	S\$	S\$	S\$
Segment assets	156,613	201,123	399,128	657,372	223,364	—	779,105	858,495
<i>Unallocated assets:</i>								
Cash and cash equivalents							20,364,047	20,638,689
Trade and other receivables							1,248,706	1,455,595
Investment properties							3,000,000	3,000,000
Property, plant and equipment							752,023	849,023
Intangible asset							100,353	—
Right-of-use assets							1,291	9,037
Amount due from shareholder							93,197	—
Total assets							26,338,722	26,810,839
Additions to property, plant and equipment	5,150	27,406	—	80,605	—	—	5,150	108,011
Segment liabilities	17,497	44,788	48,883	245,614	180,600	—	246,980	290,402
<i>Unallocated liabilities:</i>								
Other payables and accruals							343,759	522,018
Current income tax liabilities							6,000	316,020
Deferred tax liability							12,000	6,000
Lease liabilities							1,389	9,473
Provision							28,233	84,596
Total liabilities							638,361	1,228,509

Disaggregation of revenue from contracts with customers

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

	2021 S\$	2020 S\$
Sales and installation of goods		
– Leather upholstery	988,329	1,468,786
– Electronic accessories	3,471,301	4,521,115
	<u>4,459,630</u>	<u>5,989,901</u>
Sales of goods		
– Electronic accessories	74,240	194,990
– Automotive parts and motor vehicle	5,176,093	–
	<u>5,250,333</u>	<u>194,990</u>
	<u>9,709,963</u>	<u>6,184,891</u>

Information about major customers

Revenue is derived from 3 (2020: 1) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

		2021 S\$	2020 S\$
	Attributable segments		
Customer 1	Passenger vehicle leather upholstery and passenger vehicle electronic accessories	3,816,803	5,108,359
Customer 2	Passenger vehicle leather upholstery, automotive parts and motor vehicle	3,919,081	–
Customer 3	Automotive parts and motor vehicle	1,209,750	–
		<u>8,945,634</u>	<u>5,108,359</u>

Geographical information

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

	2021 S\$	2020 S\$
Singapore	9,666,501	6,184,891
Malaysia	43,462	—
	<u>9,709,963</u>	<u>6,184,891</u>

The principal assets of the Group were located in Singapore as at 31 December 2021 and 31 December 2020.

5 PROFIT BEFORE INCOME TAX

	2021 S\$	2020 S\$
Costs of inventories	6,932,703	2,855,310
Freight and forwarding charges	10,528	19,050
Employee benefit costs	2,643,201	2,475,077
Amortisation of intangible asset	2,647	—
Depreciation of property, plant and equipment	155,861	203,125
Depreciation of right-of-use assets	38,729	38,729
Rental expenses on short-term leases	4,596	13,962
Commission	17,112	21,153
Entertainment	62,899	63,136
Motor vehicles expenses	44,851	41,357
Insurance	51,774	57,903
Travelling expenses	59	11,487
Advertisement	11,883	12,576
Auditor's remuneration		
– Audit services	80,000	80,000
– Non-audit services	—	—
Legal and professional fees	245,275	225,382
Write-off of inventories	27,539	9,613
Reversal of unutilised warranty	(20,604)	(78,461)
Provision for warranty cost	20,641	24,595
Other operating expenses	164,124	168,893
	<u>10,493,818</u>	<u>6,242,887</u>
Total cost of sales, selling and distribution expenses and administrative expenses		
	<u>10,493,818</u>	<u>6,242,887</u>

6. INCOME TAX (CREDIT)/EXPENSE

	2021 S\$	2020 S\$
Income tax		
– Current income tax	6,000	107,000
– Over provision in prior years	(41,431)	(13,668)
	<u>(35,431)</u>	<u>93,332</u>
Deferred income tax		
– Deferred income tax	6,000	7,000
Income tax (credit)/expense	<u>(29,431)</u>	<u>100,332</u>

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 (2020: 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

	2021	2020
Profit attributable to equity holders of the Company (S\$)	118,031	172,984
Weighted average number of ordinary shares in issue	450,000,000	450,000,000
Basic and diluted earnings per share (<i>Singapore cents</i>)	<u>0.03</u>	<u>0.04</u>

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 are same as basic earnings per share due to the absence of dilutive potential ordinary shares during the years ended 31 December 2021 and 31 December 2020.

9. TRADE & OTHER RECEIVABLES

	2021 S\$	2020 S\$
Trade receivables:		
– Third parties	<u>201,593</u>	<u>1,342,326</u>
Deposits, prepayment and other receivables:		
– Rental and other deposits	7,384	5,545
– Advance payment to suppliers	467,773	–
– Prepayment of operating expenses	163,675	59,063
– Other receivables	<u>631,645</u>	<u>48,661</u>
	<u>1,270,477</u>	<u>113,269</u>
	<u><u>1,472,070</u></u>	<u><u>1,455,595</u></u>

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

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:

	2021 S\$	2020 S\$
Unbilled revenue	31,484	408,063
1 to 30 days	162,983	489,900
31 to 60 days	3,702	436,867
61 to 90 days	193	4,342
Over 90 days	<u>3,231</u>	<u>3,154</u>
	<u><u>201,593</u></u>	<u><u>1,342,326</u></u>

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

The exposure to credit risk for receivables 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 2021 represented the share capital of the Company.

	Number of ordinary shares	Share capital S\$	Share premium S\$
As at 1 January 2020, 31 December 2020 and 31 December 2021			
– 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>

11. TRADE AND OTHER PAYABLES

	2021 S\$	2020 S\$
Trade payable		
– Third parties	<u>60,824</u>	<u>252,510</u>
Other payables and accruals		
– Accrued operating expenses	281,625	224,393
– Goods and services tax payables	39,134	90,454
– Others	<u>23,000</u>	<u>207,171</u>
	<u>343,759</u>	<u>522,018</u>
	<u>404,583</u>	<u>774,528</u>

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

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:

	2021 S\$	2020 S\$
1 to 30 days	60,675	252,510
31 to 60 days	149	—
	<u>60,824</u>	<u>252,510</u>

12. PROVISION

Provision for warranty cost

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

	2021 S\$	2020 S\$
At 1 January	84,596	183,948
Provision utilised	(56,400)	(45,486)
Reversal of unutilised warranty	(20,604)	(78,461)
Provision for warranty cost	<u>20,641</u>	<u>24,595</u>
At 31 December	<u>28,233</u>	<u>84,596</u>

BUSINESS REVIEW

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, automotive parts and motor vehicle. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited 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 year ended 31 December 2021 (the “Current year”) had increased by approximately 1,000 units or 2.3% from approximately 44,000 units for the year ended 31 December 2020 (the “Corresponding Year”). Certificate of Entitlement (“COE”) bidding exercises in Singapore were suspended on April 2020 when Singapore entered its circuit breaker on 7 April 2020. 19,000 COE Quotas from the suspended bidding exercises will be returned over 24 bidding exercises from July 2020 to June 2021.

For the year ended 31 December 2021, the Group’s revenue increased by approximately 57.0%, the gross profit decreased by approximately 15.7% and profit attributable to shareholders decreased by approximately 31.8%. It was mainly due to an increase in sales of passenger vehicles in Singapore with lower margin and lower sales in both leather upholstery segment and electronic accessories segment in Current Year as compare to Corresponding Year.

BUSINESS PROGRESS

Below is the business progress of the Group up to 31 December 2021.

Upgrade existing facilities, acquire new machinery and premises

- The Group had acquired the heavy duty shelving for PV electronic accessories and leather upholstery.
- The Group had acquired new premises for showroom and workshop in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant expiring in October 2022. We have setup the product display booths within our customers’ workshops and service centres. With the current market situation, we are in opinion to defer the renovation of the newly purchased properties as showroom and workshop.

- The Group had appointed a Consultant for the renovation of existing showroom. The Group had upgraded the existing PV leather upholstery work bay.
- The Group had acquired new premise for warehouse in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant expiring in October 2022. With the current market situation, we are in opinion to defer the renovation of the newly purchased property as warehouse. We will renovate the existing warehouse by end of 2022.
- The Group had implemented the logistics management.

Strengthen our sales and marketing efforts

- The Group is actively engaging with Consultant to enhances and improves awareness of our brand.
- 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 actively engaging with Consultant to enhances and improves of awareness of our brand and showcase our products.
- The Group is actively engaging with Consultant to enhances and improves of our website content and product brochures to our customers.
- The e-commerce platform is launched in October 2020.

Upgrade and integrate of our information technology system

- The Group had upgraded the existing servers, implemented a new ERP system electronic documentation and cloud back up storage.
- The Group had migrated the accounting record to new ERP System, implemented the automated payroll system and point of sale system and fixed assets management system.
- The Group had implemented the mobile job order system and warehouse and inventory tracking system.

PROSPECTS

Going forward, we expect to face even greater headwinds. We will witness vast geopolitical uncertainty and tensions, barriers to free trade punishing businesses with global supply chains, and the COVID-19 virus continuing to ravage across continents.

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 success.

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 strive to deliver better operating performance.

FINANCIAL REVIEW

In S\$ ('000)	For the year ended 31 December		
	2021	2020	Change
Revenue	9,710	6,185	57.0%
Gross profit	1,568	1,859	(15.7%)
Gross profit margin	16.1%	30.1%	(46.5%)
Profit for the year	118	173	(31.8%)

Revenue

The total revenue of the Group for the Current Year was approximately S\$9,710,000 as compared to approximately S\$6,185,000 for the Corresponding Year, representing an increase of approximately 57.0%. Such an increase was attributable to the sales of automotive parts and motor vehicles and offset by a decrease in the passenger vehicle leather upholstery and passenger vehicle electronic accessories of 32.7% and 66.1% respectively.

Gross profit

The Group's gross profit fell by approximately S\$291,000 or 15.6% from approximately S\$1,859,000 for the Corresponding Year to approximately S\$1,568,000 for the Current Year. Despite the economic slowdown and pandemic, the Group was still able to achieve its gross profit margin to approximately 16.1% for the Current Year, as compared to profit margins of approximately 30.1% for the Corresponding Year. This was mainly due to increase in sales of automotive parts and motor vehicles which are lower in profit margin as compared higher profit margin in sales and installation of leather upholstery and electronic accessories.

Other income

Other income of the Group increased by approximately S\$417,000 from approximately S\$438,000 for Corresponding Year to approximately S\$855,000 for the Current Year. Such increase was mainly relating to Consultancy Income and offset by lower in Singapore government COVID-19 Support Grants such as Jobs Support Scheme, Foreign Worker Levy Rebate, Rental Relief Framework.

Other gains/(losses) — net

Other gains — net increased by approximately S\$186,000 from approximately S\$167,000 of net losses for the Corresponding Year to approximately S\$19,000 of net gains for the Current Year. Other gains mainly represent foreign exchange gains 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 and one-off fair value loss on investment properties in 2020.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S\$35,000 from approximately S\$378,000 for the Corresponding Year to approximately S\$413,000 for the Current Year. The increase of the costs was mainly attributable to higher employee benefit costs.

Administrative expenses

Administrative expenses increased by approximately S\$400,000 from approximately S\$1,539,000 for the Corresponding Year to S\$1,939,000 for the Current Year. The increase of administrative expenses was mainly due to higher employee benefit costs and professional fees and offset by lower statutory expenses and depreciation of property, plant and equipment.

Profit for the year

The Group reported profit was approximately S\$118,000 for the Current Year. The profit decreased by approximately S\$55,000, or 31.8% from approximately S\$173,000 for the Corresponding Year.

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, electronic accessories, automotive parts and motor vehicles, and single market business strategy. Our revenue substantially derived from sales to our largest customer and any decrease or loss of business with any Singapore subsidiaries of the largest customer and failure to maintain reputation and customer services could materially and adversely affect our business, financial conditions and results of operations. We also highly rely on a single market in developing our business and our business may be materially affected by the limitation on COE availability.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group comprises ordinary shares only.

As at 31 December 2021, the Group had net current assets of approximately S\$21,747,000 (2020: S\$21,547,000) including cash and bank balances of approximately S\$20,364,000 (2020: S\$20,639,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 35.7 times as at 31 December 2021 (2020: 18.7 times). The increase in the current ratio was mainly due to lower trade and other payables and income tax payable as at 31 December 2021 compared to 31 December 2020.

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 2021 (2020: NIL). There was no borrowing cost incurred during the Current Year (2020: NIL), hence no gearing ratio of the Group was presented.

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately S\$10,300,000 after deducting the Listing related expenses. These proceeds were intended to be applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus. Referring to an announcement of the Company dated 19 March 2021, the Board has resolved to update the use of the remaining proceeds from the Listing.

The outbreak of COVID-19 has been rapidly evolving globally and has significantly impacted the global economic. In light of these uncertainties and the market conditions, the Group's operation and financial performance may be materially and adversely affected. Accordingly, the Group needs to adopt a more effective policy to maintain its existing business operations and cash flow liquidity.

The Board believes that the reallocation of the unutilised net proceeds will enable a better utilisation of the net proceeds as this will provide higher level of flexibility for the Group to manage its asset and liability against the current unstable business environment and is favourable to the Group's long term business development. The Board will continue to assess the impact of the COVID-19 pandemic and the economic trend of Singapore on the operations of the Group.

An analysis of the amount utilised up to 31 December 2021 is set out as follow:

	Planned use of net proceeds Updated from the Listing Date to 31 December 2021 S\$'000	Actual utilised amount up to 31 December 2021 S\$'000	Unutilised net proceeds as at 31 December 2021 S\$'000	Updated expected timeline of full utilisation of the balance
Upgrade existing facilities, acquire new machinery and premises	5,160	4,220	940	End of 2022
Strengthen our sales and marketing efforts	1,760	1,470	290	End of 2022
Expand our product offerings	1,430	1,430	—	—
Upgrade and integrate of our information technology system	350	350	—	—
Working capital and general corporate use	1,600	1,320	280	End of 2022
	<u>10,300</u>	<u>8,790</u>	<u>1,510</u>	

The remaining net proceeds as at 31 December 2021 had been placed in deposit in bank in Hong Kong and Singapore.

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

EMPLOYEE INFORMATION

As at 31 December 2021, the Group had 51 employees (2020: 50), comprising of 1 executive Director (2020:4), 3 non-executive Directors (2020: 0), 4 independent non-executive Directors (2020: 3), 2 senior managements (2020: 2), 11 administrative employees (2020: 6) and 30 technicians (2020: 35).

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\$2,643,000 for the year ended 31 December 2021 (2020: S\$2,475,000).

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 2021, leasehold properties with carrying values totalling S\$460,137 (2020: S\$502,711) 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 2021, if the foreign currencies had weakened or strengthened by 10% against the S\$ with all other variables held constant, post-tax profit for the Current Year would have been S\$34,000 (2020: S\$70,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances (2020: foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances).

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.

DIVIDEND

The Board does not recommend the payment of a final dividend for the Current Year (2020: Nil).

EVENT AFTER THE REPORTING PERIOD

Up to the date of this report, no significant event relevant to the business or financial performance of the Group came to the attention of the Directors after the Current Year.

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 2021, 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.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Wednesday, 18 May 2022. 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 Friday, 13 May 2022 to Wednesday, 18 May 2022, 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 Thursday, 12 May 2022.

DIVIDEND

The Board does not recommend the payment of final dividend for the Current Year.

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 Ms. Lee Kit Ying. The other members are Mr. Jin Lailin and Mr. Wang Zhongmin. 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 2021 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 2021 as set out in the preliminary announcement have been agreed by the Group's auditor, Baker Tilly TFW LLP ("Baker Tilly"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Baker Tilly 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 Baker Tilly 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 2021 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
Ma Xiaoqiu
Chairlady

Hong Kong, 31 March 2022

As at the date of this announcement, the Board comprises:

Executive Director: Ms. Ma Xiaoqiu (*Chairlady*)

Non-executive Directors: Ms. Liu Xinyi
Mr. Wong Chun Man (*Vice-Chairman*)
Ms. Lyu Qiujia

Independent non-executive Directors: Mr. Jin Lailin
Ms. Lee Kit Ying
Mr. Wang Zhongmin
Mr. Peng Peng