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TOMO HOLDINGS LIMITED

萬馬控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6928)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

FINANCIAL HIGHLIGHTS

| In S\$ ('000) | For the year ended | | |
|----------------------------|---------------------------|-------------|---------------|
| | 31 December | | |
| | 2022 | 2021 | Change |
| Revenue | 16,340 | 9,710 | 68.3% |
| Gross profit | 925 | 1,568 | (41.0%) |
| Gross profit margin | 5.7% | 16.1% | (64.6%) |
| (Loss)/profit for the year | (1,870) | 118 | (1,684.7%) |

| In S\$ ('000) | As at 31 December | | |
|---------------------------|--------------------------|-------------|---------------|
| | 2022 | 2021 | Change |
| Cash and cash equivalents | 7,016 | 20,364 | (65.5%) |
| Total assets | 24,977 | 26,338 | (5.17%) |
| Total liabilities | 1,146 | 638 | 79.6% |
| Total equity | 23,831 | 25,700 | (7.3%) |

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 2022 (the “Current Year”) together with the comparative figures for the financial year ended 31 December 2021 (the “Corresponding Year”) as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2022

| | <i>Note</i> | 2022 S\$ | 2021 S\$ |
|--|-------------|---------------------------|-------------|
| Revenue | 4 | 16,340,186 | 9,709,963 |
| Cost of sales | 5 | (15,414,694) | (8,142,220) |
| Gross profit | | 925,492 | 1,567,743 |
| Other income | | 157,765 | 854,595 |
| Other gains – net | | 270,347 | 18,685 |
| Selling and distribution expenses | 5 | (465,183) | (413,039) |
| Administrative expenses | 5 | (2,964,657) | (1,938,559) |
| Finance income | | 25,551 | 698 |
| Finance cost on lease liabilities | | (4,044) | (1,523) |
| (Loss)/profit before income tax | | (2,054,729) | 88,600 |
| Income tax credit | 6 | 185,161 | 29,431 |
| (Loss)/profit for the financial year | | (1,869,568) | 118,031 |
| (Loss)/profit and total comprehensive (expense)/income for the financial year attributable to equity holders of the Company | | (1,869,568) | 118,031 |
| (Loss)/earnings per share attributable to equity holders of the Company | | | |
| Basic and diluted (Singapore cents) | 8 | (0.42) | 0.03 |

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

CONSOLIDATED BALANCE SHEET

As at 31 December 2022

| | Note | 2022 S\$ | 2021 S\$ |
|--|------|--------------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Investment properties | | 3,300,000 | 3,000,000 |
| Property, plant and equipment | | 1,019,071 | 859,022 |
| Intangible asset | | 95,060 | 100,353 |
| Right-of-use asset | | 82,696 | 6,455 |
| Investment in associates | | 6,421,491 | — |
| Deferred tax assets | | 172,000 | — |
| | | <u>11,090,318</u> | <u>3,965,830</u> |
| Current assets | | | |
| Amount due from a shareholder | | — | 93,197 |
| Inventories | | 629,745 | 443,578 |
| Trade and other receivables | 9 | 1,240,623 | 1,472,070 |
| Financial assets at fair value through profit or loss | | 5,000,000 | — |
| Cash and cash equivalents | | 7,015,867 | 20,364,047 |
| | | <u>13,886,235</u> | <u>22,372,892</u> |
| Total assets | | <u><u>24,976,553</u></u> | <u><u>26,338,722</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 | | 10,439,172 | 12,308,740 |
| Total equity | | <u>23,830,793</u> | <u>25,700,361</u> |

| | <i>Note</i> | 2022 S\$ | 2021 S\$ |
|-------------------------------------|-------------|-------------------|-------------------|
| Liabilities | | | |
| Non-current liabilities | | | |
| Lease liabilities | | 46,473 | — |
| Deferred tax liability | | — | 12,000 |
| | | <u>46,473</u> | <u>12,000</u> |
| Current liabilities | | | |
| Trade and other payables | <i>11</i> | 221,555 | 404,583 |
| Contract liabilities | | 810,550 | 180,600 |
| Lease liabilities | | 37,839 | 6,945 |
| Current income tax liabilities | | 374 | 6,000 |
| Provision | <i>12</i> | 28,969 | 28,233 |
| | | <u>1,099,287</u> | <u>626,361</u> |
| Total liabilities | | <u>1,145,760</u> | <u>638,361</u> |
| Total equity and liabilities | | <u>24,976,553</u> | <u>26,338,722</u> |

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2022

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 Act (as revised) of the Cayman Islands. During the Current Year, the Company was accepted for secondary listing on the Frankfurt Stock Exchange (“FSE”) of Germany and its shares have been traded on the FSE under the trading symbol ‘5WZ’. The Company continues to have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited (“HKEx”) and its shares have been continued to be traded on the HKEx.

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 (“\$”), unless otherwise stated.

These consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2023.

2. BASIC OF PREPARATION

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

Application of New and Amendments to IFRSs

In the current year, the Group has applied, for the first time, the following amendments to IFRSs issued by the IASB which are effective for the Group's financial year beginning 1 January 2022:

| | |
|----------------------|--|
| Amendments to IFRS 3 | Reference to the Conceptual Framework |
| Amendments to IAS 16 | Property, Plant and Equipment: Proceeds before Intended Use |
| Amendments to IAS 37 | Onerous Contracts – Cost of Fulfilling a Contract |
| Amendments to IFRSs | Annual Improvements to IFRSs 2018 – 2020 cycle |

The application of the amendments to IFRSs in the current year has had no material effect on the Group's financial performance and positions for the current and prior periods and/or on the disclosures set out in these consolidated financial statements.

New and amendments to IFRSs issued but not yet effective

| | |
|---|---|
| IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17) | Insurance Contracts ¹ |
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback ² |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ³ |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current and the related amendments to International Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ² |
| Amendments to IAS 1 | Non-current Liabilities with Covenants ² |
| Amendments to IAS 1 and IFRS Practice Statement 2 | Disclosure of Accounting Policies ¹ |
| Amendments to IAS 8 | Definition of Accounting Estimates ¹ |
| Amendments to IAS 12 | Deferred Tax related to Assets and Liabilities arising from a Single Transaction ¹ |

¹ Effective for annual periods beginning on or after 1 January 2023.

² Effective for annual periods beginning on or after 1 January 2024.

³ Effective for annual periods beginning on or after a date to be determined.

The directors of the Company anticipate that the application of the new and amendments to IFRSs will have no material impact on the results and the financial position of the Group.

4. 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 and Hong Kong.

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 asset, investment properties, financial asset at fair value through profit or loss, investment in associates, amount due from shareholder and deferred tax assets which are classified as unallocated assets. Property, plant and equipment, right-of-use assets and trade and other receivables 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, provision, current income tax liability 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 | |
|--|---|----------------|---|------------------|--|------------------|--------------------|------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Sales and installation of goods | 543,447 | 988,329 | 1,793,303 | 3,471,301 | – | – | 2,336,750 | 4,459,630 |
| Sales of goods | – | – | 339,900 | 74,240 | 13,663,536 | 5,176,093 | 14,003,436 | 5,250,333 |
| Segment revenue | 543,447 | 988,329 | 2,133,203 | 3,545,541 | 13,663,536 | 5,176,093 | 16,340,186 | 9,709,963 |
| Segment (loss)/profit | (72,236) | 29,098 | (283,087) | 104,359 | (1,813,927) | 152,380 | (2,169,250) | 285,837 |
| Depreciation of property, plant and equipment | (1,679) | (26,833) | (6,578) | (53,712) | (42,152) | – | (50,409) | (80,545) |
| Depreciation of right-of-use assets | (30,609) | (30,983) | – | – | – | – | (30,609) | (30,983) |
| <i>Unallocated expenses:</i> | | | | | | | | |
| Amortisation of intangible asset | | | | | | | (5,293) | (2,647) |
| Depreciation of property, plant and equipment | | | | | | | (91,516) | (75,316) |
| Depreciation of right-of-use assets | | | | | | | (7,652) | (7,746) |
| Fair value gain on investment properties | | | | | | | 300,000 | – |
| (Loss)/profit before income tax | | | | | | | (2,054,729) | 88,600 |
| Income tax credit | | | | | | | 185,161 | 29,431 |
| (Loss)/profit for the financial year | | | | | | | (1,869,568) | 118,031 |

| | Passenger vehicle leather upholstery | | Passenger vehicle electronic accessories | | Automotive parts and motor vehicles | | Total | |
|---|---|----------------|---|----------------|--|----------------|-------------------|-------------------|
| | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 | 2022 | 2021 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Segment assets | 169,527 | 156,613 | 314,100 | 399,128 | 1,111,604 | 223,364 | 1,595,231 | 779,105 |
| <i>Unallocated assets:</i> | | | | | | | | |
| Cash and cash equivalents | | | | | | | 7,015,867 | 20,364,047 |
| Financial asset at fair value through profit or loss | | | | | | | 5,000,000 | – |
| Trade and other receivables | | | | | | | 423,597 | 1,248,706 |
| Investment properties | | | | | | | 3,300,000 | 3,000,000 |
| Property, plant and equipment | | | | | | | 936,768 | 752,023 |
| Intangible asset | | | | | | | 95,060 | 100,353 |
| Right-of-use assets | | | | | | | 16,539 | 1,291 |
| Amount due from shareholder | | | | | | | – | 93,197 |
| Investment in associates | | | | | | | 6,421,491 | – |
| Deferred tax assets | | | | | | | 172,000 | – |
| Total assets | | | | | | | <u>24,976,553</u> | <u>26,338,722</u> |
| Additions to property, plant and equipment | – | 5,150 | – | – | – | – | – | 5,150 |
| Segment liabilities | 73,960 | 17,497 | 14,649 | 48,883 | 810,550 | 180,600 | 899,159 | 246,980 |
| <i>Unallocated liabilities:</i> | | | | | | | | |
| Other payables and accruals | | | | | | | 200,395 | 343,759 |
| Current income tax liabilities | | | | | | | 374 | 6,000 |
| Deferred tax liability | | | | | | | – | 12,000 |
| Lease liabilities | | | | | | | 16,863 | 1,389 |
| Provision | | | | | | | 28,969 | 28,233 |
| Total liabilities | | | | | | | <u>1,145,760</u> | <u>638,361</u> |

Geographical information

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

| | 2022 | 2021 |
|-----------|-------------------|------------------|
| | \$ | \$ |
| Hong Kong | 5,785,876 | — |
| Singapore | 10,554,310 | 9,666,501 |
| Malaysia | — | 43,462 |
| | <u>16,340,186</u> | <u>9,709,963</u> |

The principal assets of the Group were located in Singapore as at 31 December 2022 and 31 December 2021.

Information about major customers

Revenue is derived from 4 (2021: 3) external customers who individually contributed 10% or more of the Group's revenue and are attributable to the segments as detailed below:

| | 2022 | 2021 |
|---|-------------------|------------------|
| Attributable segments | \$ | \$ |
| Customer 1 Passenger vehicle leather upholstery and passenger vehicle electronic accessories | 2,087,757 | 3,816,803 |
| Customer 2 Passenger vehicle leather upholstery, automotive parts and motor vehicle | N/A ¹ | 1,209,750 |
| Customer 3 Automotive parts and motor vehicle | 7,892,160 | 3,919,081 |
| Customer 4 Motor vehicles | 2,286,333 | N/A ¹ |
| Customer 5 Motor vehicles | 2,513,536 | N/A ¹ |
| | <u>14,779,786</u> | <u>8,945,634</u> |

¹ The corresponding revenue did not contribute over 10% of the total revenue of the Group.

5. (LOSS)/PROFIT BEFORE INCOME TAX

| | 2022 | 2021 |
|--|-------------------|-------------------|
| | \$ | \$ |
| Costs of inventories | 14,168,055 | 6,932,703 |
| Freight and forwarding charges | 17,906 | 10,528 |
| Employee benefit costs | 3,250,795 | 2,643,201 |
| Amortisation of intangible asset | 5,293 | 2,647 |
| Depreciation of property, plant and equipment | 141,925 | 155,861 |
| Depreciation of right-of-use assets | 38,261 | 38,729 |
| Rental expenses on short-term leases | 23,488 | 4,596 |
| Commission | 24,559 | 17,112 |
| Entertainment | 63,677 | 62,899 |
| Motor vehicles expenses | 44,892 | 44,851 |
| Insurance | 56,053 | 51,774 |
| Travelling expenses | – | 59 |
| Advertisement | 12,257 | 11,883 |
| Auditor's remuneration | | |
| – Audit services | 75,000 | 80,000 |
| Legal and professional fees | 511,857 | 245,275 |
| Write-off of inventories | 33,577 | 27,539 |
| Reversal of unutilised warranty | – | (20,604) |
| Provision for warranty cost | 93,254 | 20,641 |
| Write-off of amounts due from a shareholder | 93,197 | – |
| Other operating expenses | 190,488 | 164,124 |
| | <u>18,844,534</u> | <u>10,493,818</u> |
| Total cost of sales, selling and distribution expenses and administrative expenses | <u>18,844,534</u> | <u>10,493,818</u> |

6. INCOME TAX CREDIT

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Act (as revised) 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 financial year (2021: 17%).

Hong Kong profits tax has been provided at the rate of 16.5% (2021: 16.5%) on the estimated assessable profits arising in Hong Kong during the year except for one subsidiary of the Group which is a qualifying entity under the two-tiered profits tax regime. The first HK\$2,000,000 of assessable profits of this subsidiary is taxed at 8.25% and the remaining assessable profits are taxed at 16.5%.

The amount of income tax credit charged to the consolidated statement of comprehensive income represents:

| | 2022 | 2021 |
|---------------------------------|-------------------------|------------------------|
| | \$ | \$ |
| Income tax | | |
| – Current income tax | 374 | 6,000 |
| – Over provision in prior years | <u>(1,535)</u> | <u>(41,431)</u> |
| | <u>(1,161)</u> | <u>(35,431)</u> |
| Deferred income tax | | |
| – Deferred income tax | <u>(184,000)</u> | <u>6,000</u> |
| Income tax credit | <u><u>(185,161)</u></u> | <u><u>(29,431)</u></u> |

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

| | 2022 | 2021 |
|--|-------------------------|------------------------|
| | \$ | \$ |
| (Loss)/profit before income tax | <u>(2,054,729)</u> | <u>88,600</u> |
| Tax calculated at domestic tax rate | (339,405) | 15,062 |
| Tax effect of: | | |
| – Expenses not deductible for tax purposes | 210,863 | 118,119 |
| – Non-taxable income | (68,472) | (118,086) |
| – Singapore statutory income exemption | (17,425) | (5,966) |
| – Over provision in prior years | (1,535) | (41,431) |
| – Others | <u>30,813</u> | <u>2,871</u> |
| Income tax credit | <u><u>(185,161)</u></u> | <u><u>(29,431)</u></u> |

7. DIVIDENDS

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

8. (LOSS)/EARNINGS PER SHARE

| | 2022 | 2021 |
|--|--------------------|-------------|
| (Loss)/profit attributable to equity holders of the Company (\$) | (1,869,568) | 118,031 |
| Weighted average number of ordinary shares in issue | 450,000,000 | 450,000,000 |
| Basic and diluted (loss)/earnings per share (<i>Singapore cents</i>) | (0.42) | 0.03 |

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

Diluted (loss)/earnings per share are same as basic (loss)/earnings per share due to the absence of dilutive potential ordinary shares during the years ended 31 December 2022 and 31 December 2021.

9. TRADE AND OTHER RECEIVABLES

| | 2022 | 2021 |
|---|-------------------------|-------------------------|
| | \$ | \$ |
| Trade receivables: | | |
| – Third parties | <u>142,224</u> | <u>201,593</u> |
| Deposits, prepayment and other receivables: | | |
| – Rental and other deposits | 5,569 | 7,384 |
| – Advance payment to suppliers | 817,026 | 467,773 |
| – Prepayment of operating expenses | 63,072 | 163,675 |
| – Other receivables | <u>212,732</u> | <u>631,645</u> |
| | <u>1,098,399</u> | <u>1,270,477</u> |
| | <u>1,240,623</u> | <u>1,472,070</u> |

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

11. TRADE AND OTHER PAYABLES

| | 2022 | 2021 |
|-----------------------------------|----------------|----------------|
| | \$ | \$ |
| Trade payable | | |
| – Third parties | <u>21,160</u> | <u>60,824</u> |
| Other payables and accruals | | |
| – Accrued operating expenses | 136,171 | 281,625 |
| – Goods and services tax payables | 33,663 | 39,134 |
| – Others | <u>30,561</u> | <u>23,000</u> |
| | <u>200,395</u> | <u>343,759</u> |
| | <u>221,555</u> | <u>404,583</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:

| | 2022 | 2021 |
|---------------|---------------|---------------|
| | \$ | \$ |
| 1 to 30 days | 21,160 | 60,675 |
| 31 to 60 days | <u>–</u> | <u>149</u> |
| | <u>21,160</u> | <u>60,824</u> |

12. PROVISION

Provision for warranty cost

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

| | 2022 | 2021 |
|---------------------------------|---------------|---------------|
| | \$ | \$ |
| At 1 January | 28,233 | 84,596 |
| Provision utilised | (92,518) | (56,400) |
| Reversal of unutilised warranty | – | (20,604) |
| Provision for warranty cost | <u>93,254</u> | <u>20,641</u> |
| At 31 December | <u>28,969</u> | <u>28,233</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 (“HKEx”) on 13 July 2017 (the “Listing Date”) and were transferred to be listed on the Main Board of the HKEx on 23 December 2019. During the year ended 31 December 2022 (the “Current Year”), the Company was approved for secondary listing on the Frankfurt Stock Exchange (“FSE”) of Germany and its shares have been traded on the FSE under the trading symbol ‘5WZ’. The Company continues to have a primary listing on the Main Board of HKEx and its shares continues to be traded on the HKEx.

The Group experienced challenging business operation conditions with the impact of COVID-19 pandemic in the year ended 31 December 2022. Both business and consumer sentiment remained weak and the Group’s current performance was 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 Current Year had decreased by approximately 14,500 units or 31.9% from approximately 45,500 units for the year ended 31 December 2021 (the “Corresponding Year”). The Certificate of Entitlement (“COE”) quota available is lower in 2022 as compared to 2021. The COE prices are closed to 10 years high. Thus, the sales and demand for new car sales are low in 2022.

For the Current Year, the Group’s revenue increased by approximately 68.3%, the gross profit decreased by approximately 41.0% and reported a loss of approximately S\$1,870,000 for the Current Year. There was a profit of approximately S\$118,000 for the Corresponding Year. 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 2022.

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 to October 2023. We have setup the product display booths within our customers’ workshops and service centres. With the current market situation, we deferred 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 a new premise for warehouse in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant to October 2023. With the current market situation, we are in opinion to defer the renovation of the newly purchased property as warehouse. We plan to renovate the existing warehouse by the end of 2023.
- The Group had implemented the logistics management.

Strengthen our sales and marketing efforts

- 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 its Consultant to enhance and improve the 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.

The Group has diversified into metaverse related business and has developed Tomo Web 3.0 Metaverse Eco-Chain which was successfully launched in January 2023. The Group will promote the development of metaverse copyright content and the experimentation of innovative metaverse technology concepts; and partnerships with more international brands and related metaverse projects to facilitate international business development and create more revenue growth opportunities in the new global retail market. The Group will develop and launch more crypto and artificial intelligence generated content instruments, e.g. CHATwo, a digital avatar for intelligent communications.

PROSPECTS

Going forward, we expect to continue witnessing vast geopolitical uncertainty and tensions, businesses with global supply chains punished by trade barriers, but relieved to see the subside of the negative influence of the COVID-19 pandemic and the daily lives resuming to normal in continuous and orderly manners across the globe.

Our business is resilient. We have weathered storms before, and we believe can overcome. 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 in the near future.

FINANCIAL REVIEW

| In S\$ ('000) | For the year ended 31 December | | |
|----------------------------|--------------------------------|-------|------------|
| | 2022 | 2021 | Change |
| Revenue | 16,340 | 9,710 | 68.3% |
| Gross profit | 925 | 1,568 | (41.0%) |
| Gross profit margin | 5.7% | 16.1% | (64.6%) |
| (Loss)/profit for the year | (1,870) | 118 | (1,684.7%) |

Revenue

The total revenue of the Group for the Current Year was approximately S\$16,340,000 as compared to approximately S\$9,710,000 for the Corresponding Year, representing an increase of approximately 68.3%. Such an increase was attributable to the increase in the sales of automotive parts and motor vehicles of approximately 164.0% and offset by a decrease in the passenger vehicle leather upholstery and passenger vehicle electronic accessories of approximately 45.0% and approximately 39.8% respectively.

Gross profit

The Group's gross profit fell by approximately S\$643,000 or approximately 41.0% from approximately S\$1,568,000 for the Corresponding Year to approximately S\$925,000 for the Current Year. Despite the economic slowdown and pandemic, the Group was still able to achieve its gross profit margin to approximately 5.7% for the Current Year, as compared to profit margins of approximately 16.1% 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 to the decrease but in higher profit margin in sales and installation of leather upholstery and electronic accessories.

Other income

Other income of the Group decreased by approximately S\$697,000 from approximately S\$855,000 for Corresponding Year to approximately S\$158,000 for the Current Year. Such decrease was mainly relating to absence of Consultancy Income and lower in Singapore government COVID-19 Support Grants such as Jobs Support Scheme, Foreign Worker Levy Rebate, Rental Relief Framework in Current Year.

Other gains — net

Other gains — net increase by approximately S\$251,000 from approximately S\$19,000 of net gains for the Corresponding Year to approximately S\$270,000 of net gains for the Current Year. Other gains — net mainly represent foreign exchange changes 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, a reversal of unused customer rebate and fair value gain on investment properties.

Selling and distribution expenses

Selling and distribution expenses increased by approximately S\$52,000 from approximately S\$413,000 for the Corresponding Year to approximately S\$465,000 for the Current Year. The increase of the costs was mainly attributable to higher salary and related expenses.

Administrative expenses

Administrative expenses increased by approximately S\$1,026,000 from approximately S\$1,939,000 for the Corresponding Year to S\$2,965,000 for the Current Year. The increase of administrative expenses was mainly due to higher salary and related expenses, increase in legal and professional fee and written off of amounts due from shareholder.

Loss for the year

The loss of the Group was approximately S\$1,870,000 for the Current Year, as compared to the profit of approximately S\$118,000 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 2022, the Group had net current assets of approximately S\$12,787,000 (2021: approximately S\$21,747,000) including cash and bank balances of approximately S\$12,016,000 (2021: approximately S\$20,364,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 12.6 times as at 31 December 2022 (2021: 35.7 times). The decrease in the current ratio was mainly due to higher balances of trade and other payables and cash and bank balances as at 31 December 2022 compared to 31 December 2021.

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 2022 (2021: NIL). There was no borrowing cost incurred during the Current Year (2021: 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.

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 extension 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 economic trend of Singapore on the operations of the Group.

An analysis of the amount utilised up to 31 December 2022 is set out as follow:

| | Planned use of net proceeds Updated from the Listing Date to 31 December 2022 S\$'000 | Actual utilised amount up to 31 December 2022 S\$'000 | Unutilised net proceeds as at 31 December 2022 S\$'000 | Updated expected timeline of full utilisation of the balance |
|---|--|--|---|---|
| Upgrade existing facilities, acquire new machinery and premises | 5,160 | 4,770 | 390 | End of 2023 |
| Strengthen our sales and marketing efforts | 1,760 | 1,760 | — | — |
| Expand our product offerings | 1,430 | 1,430 | — | — |
| Upgrade and integrate of our information technology system | 350 | 350 | — | — |
| Working capital and general corporate use | <u>1,600</u> | <u>1,600</u> | <u>—</u> | <u>—</u> |
| | <u><u>10,300</u></u> | <u><u>9,910</u></u> | <u><u>390</u></u> | |

The remaining net proceeds as at 31 December 2022 had been placed in deposit in bank in Hong Kong and Singapore.

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

EMPLOYEE INFORMATION

As at 31 December 2022, the Group had 49 employees (2021: 51), comprising of 1 executive Director (2021: 1), 3 non-executive Directors (2021: 3), 4 independent non-executive Directors (2021: 4), 2 senior managements (2021: 2), 12 administrative employees (2021: 11) and 27 technicians (2021: 30).

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\$3,251,000 for the year ended 31 December 2022 (2021: approximately S\$2,643,000).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

The Group entered into a sales and purchase agreement with Mr. Tsang Kin Yip to acquire 49% of the issued share capital of Ocean Dragon Group Limited on 26 September 2022. The acquisition was completed on 26 September 2022. The consideration was fully settled by way of cash on 26 September 2022.

Save as disclosed as above, the Group had no other material acquisition and disposal of subsidiaries and affiliated companies during the Current Year.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2022, leasehold properties with carrying values totalling S\$417,563 (2021: S\$460,137) 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 Australian Dollar ("AUD"). As at 31 December 2022, if the foreign currencies had weakened or strengthened by 10% against the S\$ with all other variables held constant, post-tax loss for the Current Year would have been S\$280,000 (2021: S\$34,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances (2021: 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 (2021: Nil).

EVENT AFTER THE REPORTING PERIOD

Up to the date of this announcement, 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 2022, to the best knowledge of the Board, the Company had complied with all the code provisions in the CG Code.

Following sustained development and growth of the Company, the Company will continue to monitor and revise the Company's corporate governance policies in order to ensure that such policies can meet the general rules and standards required by the Stock Exchange.

ANNUAL GENERAL MEETING

The annual general meeting of the Company (the "AGM") will be held on Wednesday, 17 May 2023. 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, 12 May 2023 to Wednesday, 17 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 May 2023.

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. Peng Peng. 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 2022 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 2022 as set out in the preliminary announcement have been agreed by the Group's auditor, Prism Hong Kong and Shanghai Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Prism Hong Kong and Shanghai Limited 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 Prism Hong Kong and Shanghai Limited 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 2022 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 2023

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

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

Non-executive Directors: Ms. Liu Xinyi
Ms. Chen Jun
Ms. Lyu Qiuqia

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