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TOMO Holdings Limited

(Incorporated in the Cayman Islands with limited liability 於開曼群島註冊成立之有限公司)

Stock Code 股份代號：6928

2019 ANNUAL REPORT 年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Siew Yew Khuen
Ms. Lee Lai Fong
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

AUDIT COMMITTEE

Mr. Gary Chan Ka Leung *(Chairman)*
Mr. Clarence Tan Kum Wah
Mr. Ng Chee Chin

NOMINATION COMMITTEE

Mr. Clarence Tan Kum Wah *(Chairman)*
Mr. Gary Chan Ka Leung
Mr. Siew Yew Wai

REMUNERATION COMMITTEE

Mr. Ng Chee Chin *(Chairman)*
Ms. Lee Lai Fong
Mr. Siew Yew Khuen

CORPORATE GOVERNANCE COMMITTEE

Ms. Lee Lai Fong *(Chairlady)*
Mr. Siew Yew Khuen
Mr. Siew Yew Wai

COMPLIANCE OFFICER

Ms. Lee Lai Fong

COMPANY SECRETARY

Mr. Man Yun Wah, *HKICS*

AUTHORISED REPRESENTATIVES

Mr. Siew Yew Khuen
Mr. Man Yun Wah, *HKICS*

LEGAL ADVISER

Robertsons
57/F, The Center
99 Queen's Road Central
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F., Prince's Building
Central
Hong Kong

COMPLIANCE ADVISER

Fortune Financial Capital Limited
43/F, COSCO Tower
183 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

Block 3018
Bedok North Street 5
#02–08 Eastlink
Singapore 486132

PRINCIPAL PLACE OF BUSINESS IN HONG KONG REGISTERED UNDER PART 16 OF THE COMPANIES ORDINANCE

57/F, The Center
99 Queen's Road Central
Hong Kong

CORPORATE INFORMATION

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKERS

DBS Bank Limited
12 Marina Boulevard, Level 43
DBS Asia Central
Marina Bay Financial Centre Tower 3
Singapore 018982

DBS Bank (Hong Kong) Limited
11/F, The Center
99 Queen's Road Central
Hong Kong

COMPANY'S WEBSITE

www.thetomogroup.com

PLACE OF LISTING

The Stock Exchange of Hong Kong Limited

STOCK CODE

6928

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of TOMO Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively known as the "Group") for the year ended 31 December 2019.

2019 was not an easy year. The passenger vehicle market in Singapore contracted, with fewer COEs being issued, and the US-China trade war loomed large over our economy. Despite the poor economic conditions and global uncertainty, I am extremely proud to announce that we have achieved positive results, and have successfully transferred to the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 23 December 2019.

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

Going forward, we will face even greater headwinds. Yield curves are flattened or inverted, as we witness vast geopolitical uncertainty and tensions across the world. Barriers to free trade punish businesses with global supply chains, and the COVID-19 virus is ravaging across continents. These events have brought forth the spectre of recession, and we must be prepared for the downturn that will inevitably 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, I am certain that we can benefit from this in the long run.

The Group's Directors and Management 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.

Siew Yew Khuen, David
Chairman and Chief Executive Officer
TOMO Holdings Limited

Hong Kong, 26 March 2020

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.

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

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

Since January 2020, Singapore has reported confirmed cases of the novel coronavirus (COVID-19) which will affect the business environment of the country as a whole. The Group and the Directors will continue to strive to achieve its business objectives as stated in the prospectus issued by the Company dated 30 June 2017 (the "Prospectus"). The Group will focus on maintaining its leading position in the Singapore market, while seeking new business opportunities to expand its product offerings and services.

FINANCIAL REVIEW

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

The total revenue of the Group for the year ended 31 December 2019 (the "Current Year") was approximately S$16,487,000 as compared to approximately S$17,818,000 for the year ended 31 December 2018 (the "Corresponding Year"), representing a decrease of approximately 7.5%. Such a decrease was attributable to the decrease in the demand of leather upholstery, navigation and multimedia accessories and safety and security accessories of approximately 19.1%, 7.0% and 0.5% respectively.

Gross profit

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

Other income

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

Other (losses)/gains – net

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

Selling and distribution expenses

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

Administrative expenses

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

Profit for the year

The Group reported profit was approximately S$2,239,000 for the Current Year. The profit decreased by approximately S$2,003,000, or 47.2% from approximately S$4,242,000 for the Corresponding Year. By excluding the Transfer Listing expenses, the Group's net profit for the year ended 31 December 2019 would be approximately S$3,762,000.

MANAGEMENT DISCUSSION AND ANALYSIS

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

The Group's operations were financed principally by revenues generated from business operations and available cash and bank balances. The Group did not have any debt as at 31 December 2019 (2018: NIL). There was no borrowing cost incurred during the year ended 31 December 2019 (2018: NIL), hence no gearing ratio of the Group was presented.

MANAGEMENT DISCUSSION AND ANALYSIS

COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Prospectus with the Group's actual business progress up to 31 December 2019:

Business objectives up to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
Upgrade existing facilities, acquire new machinery and premises	
• Acquire new tools and leather cutting machine.	The Group had acquired new machineries and tools.
• Fit out heavy duty shelving in storage area of existing premises for PV electronic accessories and leather upholstery.	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.
• Acquire and renovate new premises to use as a showroom and workshop for PV leather upholstery and electronic accessories.	The Group had acquired new premises with for showroom and workshop. However, the previous landlord had entered into lease agreement with a tenant expiring in 2020.
• Buy new machinery such as sewing machine, lockstitch machine, pattern stitcher, skiving machine and embroidery machine; and commercial vehicles.	The Group had acquired new machineries and commercial vehicles.
• 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.	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.
• Acquire and renovate the new premises to use as a warehouse.	The Group had acquired new premise with for warehouse. However, the previous landlord had entered into lease agreement with a tenant expiring in 2020.
• Implement logistics management to maximise effective use of space, equipment and labour.	The Group had appointed a Consultant for the logistics management. The Group is in the process of discussion, reviewing and testing the system.

MANAGEMENT DISCUSSION AND ANALYSIS

Business objectives up to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
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.	The Group is in the process of exploring and identifying an appropriate consultant.
• Visit, make presentation to, and develop relationships with existing and potential customers.	The Group is actively engaging with existing and potential customers to promote the products and services and building up a long-term relationship.
• Place advertisements in magazines, social media, websites and participate in motor roadshows to increase awareness of our brand and showcase our products.	The Group is in the process of exploring and identifying an appropriate consultant.
• Enhance and improve our website content with more product information through digital search and social media and printing of brochures for our retail customers.	The Group had appointed a Consultant for the enhancement and improvement of our website content and product brochures to our customers.
• Implement online platform to provide direct sales to retail Customers. Maintain on-line platform to reach out to more retail customers.	The Group had appointed a Consultant to create an e-commerce platform. The Group is in the process of discussion, reviewing and testing the website.

MANAGEMENT DISCUSSION AND ANALYSIS

Business objectives up to 31 December 2019 as set out in the Prospectus	Actual business progress up to 31 December 2019
Expand our product offerings	
• Conduct market and design search on market trend of new PV leather upholstery and electronic accessories.	The Group is actively sourcing for latest and innovative products and performing product testing, to stay ahead of market trend and needs.
• Recruit and train additional sales and marketing personnel, technicians and customer service personnel.	The Group had recruited Customer Service Officer. Marketing Associate and Sales Manager to support the sales and marketing function as well as customer service. The Group is actively looking for additional appropriate experienced personnel for the expansion of the Group.
• Source new products and create more interactive demonstration displays for presentation to existing and potential customers.	The Group is actively sourcing for latest and innovative products and product demonstration display in our customers' showrooms.
• Focus on retaining and training current and new hires to equip them with skills and knowledge of the products.	The Group is actively providing product knowledge trainings and workshops to improve the skills and knowledge of the products of the employees.
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 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 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 plan.

USE OF PROCEEDS

The net proceeds 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 31 December 2019 is set out as follow:

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

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

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

EMPLOYEE INFORMATION

As at 31 December 2019, the Group had 57 employees (2018: 57), comprising of 4 executive Directors (2018: 4), 2 senior managements (2018: 2), 9 administrative employees (2018: 9) and 42 technicians (2018: 42).

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

CHARGES ON THE GROUP'S ASSETS

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

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore dollars. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S$") and recognised assets and liabilities denominated in currencies other than S$. The foreign currencies giving rise to this risk are primarily the Hong Kong Dollar ("HK$"), the United States Dollar ("US$") and Malaysia Ringgit ("MYR"). As at 31 December 2019, if the foreign currencies had weakened or strengthened by 10% against the S$ with all other variables held constant, post-tax profit for the year 2019 would have been S$86,000 (2018: S$315,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK$ denominated cash and bank balances (2018: foreign exchange losses/gains on translation of HK$ denominated cash and bank balances).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the year ended 31 December 2019, 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 year ended 31 December 2019 (2018: Nil).

EVENT AFTER THE REPORTING PERIOD

Details at events after the reporting period are set out in Note 31 to the consolidated financial statements.

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Siew Yew Khuen (蕭耀權先生) ("Mr. David Siew"), aged 63, is a co-founder of our Group, the spouse of Ms. Lee Lai Fong, an executive Director, and the brother of Mr. Siew Yew Wai, an executive Director. He was appointed as a Director on 16 January 2017 and re-designated as a chairman, executive Director and chief executive officer of our Company on 8 March 2017. Mr. David Siew has been the director of TOMO-CSE since its inception in October 1995, where he oversees all aspects of the operations of our Group including sales/marketing, product planning/development, merchandising, strategic planning, corporate policies and new business initiative.

Mr. David Siew is an entrepreneur with over 38 years of start-up and business operational experience, including experience in the supply, manufacture and installation of passenger vehicle leather upholstery, as well as supply and installation of electronic accessories. Under his leadership, our Group has been providing passenger vehicle interior modification services, dealing in leather upholstery and electronic accessories (such as systems integration for digital video recorders, navigation systems, in-car multimedia entertainment system, reverse camera, front and rear parking sensors, etc.).

In 1980, Mr. David Siew co-founded Tomo General Contractors Pte Ltd ("Tomo GC") which principally supplied passenger vehicle accessories products and provided installation services in later years. In 1986, he co-founded Eurostyle Autotrim Pte. Ltd. ("Eurostyle Auto") with Ms. Lee to supply passenger vehicle accessories to authorised passenger vehicle distributors and dealers in Singapore. In 1990, he co-founded Tomo Auto Leather (S) Pte Ltd ("Tomo Leather") to supply leather upholstery products and installation services to authorised passenger vehicle distributors and dealers in Singapore.

During the years leading up to the incorporation of TOMO-CSE, Mr. David Siew had established strong business relationships with the numerous authorised passenger vehicle distributors and dealers in Singapore. In October 1995, Mr. David Siew and Ms. Lee co-founded TOMO-CSE to supply and install passenger vehicle leather upholstery and electronic accessories for the Singapore market. In 1996, Mr. David Siew sold his interest in Tomo Leather and in 2001, both Tomo GC and Eurostyle Auto were voluntarily dissolved as Mr. David Siew decided to focus on the business operations of TOMO-CSE to carry-on the business in supplying passenger vehicle leather upholstery and electronic accessories.

Ms. Lee Lai Fong (李麗芳女士) ("Ms. Lee"), aged 60, is a co-founder of our Group, the spouse of Mr. Siew Yew Khuen, an executive Director, and the sister-in-law of Mr. Siew Yew Wai, an executive Director. She was appointed as a Director on 16 January 2017 and re-designated as an executive Director of our Company on 8 March 2017. She is currently the director of finance and administration at TOMO-CSE, where she is responsible for finance, treasury and administration matters of our Group. Ms. Lee is an entrepreneur with over 32 years of start-up and business operational experience, including in the manufacture, supply and installation of passenger vehicle leather upholstery and electronic accessories.

In 1980, Ms. Lee joined Tomo GC as a senior manager. In 1986, she co-founded Eurostyle Auto with Mr. David Siew to supply passenger vehicle accessories to major car dealers in Singapore. In October 1995, Ms. Lee and Mr. David Siew co-founded TOMO-CSE to supply and install passenger vehicle leather upholstery and electronic accessories to the Singapore market.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Siew Yew Wai（蕭耀威先生）("Mr. Richard Siew"), aged 57, was appointed as a Director on 16 January 2017 and re-designated as an executive Director of our Company on 8 March 2017. Mr. Richard Siew is currently the director of sales and marketing at TOMO-CSE. Mr. Richard Siew is the brother of Mr. Siew Yew Khuen, an executive Director, and a brother-in-law of Ms. Lee Lai Fung, an executive Director.

Mr. Richard Siew started his career in June 1987 at NCS Pte. Ltd. ("NCS"), a subsidiary of Singapore Telecommunications Limited, in Singapore as a systems analyst cum programmer, where he was first deployed to the Ministry of Education, Singapore to assist in the development of the mainframe computer programming of various application systems. In June 1990, he was deployed to the National Computer Board as an information technology consultant where he advised and assisted Singapore's small and medium enterprises to automate and improve productivity by utilising information technology. In April 1997, Mr. Richard Siew returned to NCS as an account director where he was responsible for the business development and sales of information and communications technology projects and services to the higher education sector. In January 2015, he joined the Group to assist Mr. David Siew to further expand our Group's businesses.

Mr. Richard Siew obtained a bachelor of science degree in information systems from the National University of Singapore in June 1987.

Mr. Zha Jianping（查劍平先生）("Mr. Zha"), aged 49, was appointed as an executive Director on 01 April 2018. Mr. Zha obtained a bachelor's degree in economics majoring in accounting from the Shanghai University of Finance and Economics in the People's Republic of China (the "PRC") in 1993 and graduated as a postgraduate in economics from the Graduate School of Chinese Academy of Social Sciences in the PRC in 1998. He is also a qualified senior accountant in the PRC.

In August 2011, Mr. Zha was appointed as an executive director of Chinese Energy Holdings Limited, which is listed on GEM (stock code: 8009), and subsequently resigned in November 2015. In November 2016, Mr. Zha was appointed as an executive director and the chief executive officer of Loco Hong Kong Holdings Limited, which is listed on GEM (stock code: 8162). Following his resignation as an executive director and the chief executive officer in May 2018, Mr. Zha was appointed as a non-executive director of Loco Hong Kong Holdings Limited on the same date, and subsequently resigned in September 2018.

Mr. Zha has also held managerial positions in various companies in the automotive industry. From September 2001 to June 2007, Mr. Zha worked at Shenyang Jinbei Automotive Company Limited, which is listed on the Shanghai Stock Exchange (stock code: 600609) and engaged in the research and development, manufacture and sale of light trucks and auto parts. He was first employed as the chief financial controller and he last held the position of director and vice president. From January 2005 to October 2006, Mr. Zha was the chief financial officer of Brilliance China Automotive Holdings Limited, which is listed on the Main Board of the Stock Exchange (stock code: 1114) and engaged in the manufacture and sale of automobiles and automotive components, and the provision of auto financing service in the PRC.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Clarence Tan Kum Wah（陳錦華先生）("Mr. Clarence Tan"), aged 53, has been appointed as an independent non-executive Director on 23 June 2017. Since January 2016, he has been a non-executive director of GlobalRoam Group Ltd ("GlobalRoam", together with its subsidiaries "GR Group"), a group that primarily provides integrated communications technology to the telecommunication companies in the Southeast Asian region. GlobalRoam was the first company in Singapore to be traded on the over-the-counter exchange managed by Phillips Securities Pte. Ltd. In 2007. Mr. Clarence Tan founded GR Group in January 2001 and had served as its chief executive officer since its inception till July 2016, when he relinquished his role and was re-designated as executive deputy chairman until December 2016.

Concurrently, since October 2016, Mr. Clarence Tan has been a director of STT Connect Pte. Ltd., a private cloud service provider and a joint venture between STT GDC Pte. Ltd. (wholly-owned by Singapore Technologies Telemedia Pte. Ltd.) and GR Group. Since December 2016, Mr. Clarence Tan has also been a director of ICMG Financial Services Pte. Ltd.; a joint venture between ICMG Co, Ltd., ACA Partners Pte. Ltd. and ACA Inc.; a management consultancy company that offers merger and acquisition and alliance services to Asian and Japanese enterprises. Prior to GR Group, Mr. Clarence Tan was a director of Pinnz Pte Ltd, the holding company of its subsidiaries including Pinnz Networks (HK) Limited and Pinnz Network Pte Ltd, from August 1999 to its dissolution in June 2007. Pinnz Pte Ltd was a telecommunications company which provided services such as voice over internet protocol services.

Apart from his career commitments, Mr. Clarence Tan also holds key positions in other areas of society. He was awarded a Phoenix Mentor by The Phoenix Award Committee in 2002, which his main role as a Phoenix Mentor then was to mentor founders of start-ups. He had served in the Singapore People's Association Sembawang Community Club Management Community from 2012 to 2016 and currently holds the rank of Colonel in the national service unit under the Guards formation in the Singapore Armed Forces ("SAF"). Mr. Clarence Tan was the Parade Commander for Singapore's National Day Parade in 2012 and was accorded The Commendation Medal (Military) and The Long Service Medal (Military), in 2010 and 2015 respectively, for his distinguished service in the SAF.

Mr. Clarence Tan obtained a bachelor of science degree in information technology from the University of Southern Queensland in March 1994 through long distance learning conducted in Singapore and a master's degree in business administration from the National University of Singapore in October 2004.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Gary Chan Ka Leung（陳嘉樑先生）("Mr. Gary Chan"), aged 47, was appointed as an independent non-executive Director on 23 June 2017. Since June 2017, Mr. Chan has been appointed as an independent non-executive director of LHN Limited, the shares of which are dual listed on the catalist board of the Singapore Exchange Limited (SGX symbol: 41O) and the Main Board (stock code:1730).

Mr. Gary Chan is a seasoned finance executive and an entrepreneur. He has advised companies across various disciplines and industries including consumer products and services, financial services, food and beverage, logistics, media, renewable energy, recruitment services, and technology. In 2014, he joined CFO (HK) Limited, a company licensed by The CFO Centre Group Limited to provide services of time-shared chief financial officers to client companies in the Greater China region and is currently the Greater China chief executive officer.

Mr. Gary Chan was also the corporate finance director of TNG (Asia) Limited, a financial technology company based in Hong Kong, between April 2015 and February 2017. He has assisted in the company's successful application of the stored value facility license with the Hong Kong Monetary Authority ("HKMA"), with the license being granted in August 2016. During the process, Mr. Gary Chan had overseen the process of fulfilling all the necessary business requirements set out by the HKMA including internal controls and placement of its senior management team.

From August 2009 to August 2013, Mr. Gary Chan was a partner at Creat Capital Company Limited ("Creat"), a company that focuses on private equity investments. During his tenure, Mr. Gary Chan reported to the board of directors and was involved in the origination of corporate advisory and corporate finance transactions for Creat.

Mr. Gary Chan started his career with KPMG in Toronto, Canada in 1998 under that firm's real estate practice. In January 2001, he joined Deloitte Touche Tohmatsu in Hong Kong as an accountant under that firm's reorganisation services group and his last position held was manager before he moved to Deloitte & Touche Corporate Finance Ltd., a service company of Deloitte Touche Tohmatsu, as manager from June 2005 to March 2007. From March 2007 to February 2009 Mr. Gary Chan assumed the position of an associate in the fixed income, currency and commodities division of Goldman Sachs (Asia) L.L.C. in Hong Kong.

Mr. Gary Chan obtained a bachelor's degree in mathematics from the University of Waterloo in Ontario, Canada in May 1998 and a master's degree in accounting from the same university in October 1998. He obtained his Chartered Accountant designation in Canada in 2000.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Ng Chee Chin（黃志鈞先生）("Mr. Ng"), aged 39, was appointed as an independent non-executive Director on 1 June 2019.

Mr. Ng has more than 17 years of experience in accounting, financial management, human resource and business administration. Mr. Ng started his career as Administration and Accounts Executive with Chang Seng Services Pte Ltd in 2000, a company that provides environmental cleaning and pest control services, where he was responsible for accounts preparation and project cost management of the company.

In 2005, Mr. Ng was employed as administration and finance manager by Clean Solutions Pte Ltd, a large local company that provides integrated environmental solutions with a staff strength of more than 3,000, where he was in-charge of the finance operations and corporate administration of the company. In 2011, Mr. Ng was promoted to be the General Manager of Clean Solutions Pte Ltd. Mr. Ng is responsible for overall financial management, reporting, internal controls, taxation matters and oversees the administrative, procurement and human resource departments for Clean Solutions Pte Ltd. Mr. Ng has been actively involved in developing tender strategies in particular to public project tenders. Mr. Ng is also instrumental in provision of key strategic decisions and formulating business strategies, advising on the financial implications and consequences of business decisions for Clean Solutions Pte Ltd.

Mr. Ng holds an honours degree in Bachelor of Science (Finance) from the National University of Ireland in 2012 and subsequently obtained a Master of Applied Finance from the University of Adelaide (Australia) in 2014. Mr. Ng has been admitted as a Chartered Accountant of Singapore, a non-practicing member of the Institute of Singapore Chartered Accountants (ISCA), full member of the Certified Practicing Accountant, Australia (CPA Australia), and associate member of Chartered Institute of Management Accountants, United Kingdom (CIMA), all in 2016.

SENIOR MANAGEMENT

Mr. Ong Kim Hoi（王金海先生）("Mr. Ong"), aged 44, has been the business development manager of our Group since December 2011. At TOMO-CSE, Mr. Ong is responsible for product development, evaluation and product testing and quality control of new products before our Group introduces them to the market. He assists the marketing team to study and evaluate our Group's customers' accessories requirement and works on the most suitable products for the vehicles. He works closely with the installation and aftersales team to ensure all new products are properly installed and have proper aftersales' standard operating procedures.

Mr. Ong has over 10 years of experience in the sales, marketing and business development. Prior to joining our Group, between June 2001 and January 2004, Mr. Ong worked for Expeditors Singapore Pte Ltd as the System Support Supervisor; and between April 2004 and April 2006 as a technical specialist at Brother International Singapore Pte Ltd. In April 2006, Mr. Ong joined GRID Communications Pte Ltd, a subsidiary of SingTel Group, as Account Manager, Corporate Sales; in April 2009, he joined Nextan Pte Ltd as a business development manager; and in April 2010, he joined Asia GIS Pte. Ltd. as the Sales & Marketing Manager, responsible for business and accounts development.

Mr. Ong obtained a diploma in Information Technologies from the Temasek Polytechnic in Singapore in December 1998.

DIRECTORS AND SENIOR MANAGEMENT

Mr. Alan Hoh Chan Ming（何贊明先生）("Mr. Alan Hoh"), aged 33, joined our Group in December 2016 as Group Financial Controller and is responsible for financial planning & control, accounting operations and internal control systems of our Group. Prior to joining our Group, Mr. Alan Hoh was the Group Finance Manager at Sincap Group Limited, a company listed on the Singapore Stock Exchange (SGX:5UN), engaged in the mineral trading and logistics management, where he supervised the accounting operations.

Mr. Alan Hoh started his career in July 2007 as an account assistant at Traders Hotel Kuala Lumpur, Malaysia. Between January 2011 and November 2015, Mr. Alan Hoh was an auditor at Baker Tilly TFW, Singapore, where he serviced clients on auditing and accountancy procedures. Between November 2015 and October 2016, Mr. Alan Hoh was the Group Finance Manager at Sinopipe Holdings Limited, a company listed on the Singapore Stock Exchange (SGX:X06), engaged in the production and sales of plastic pipes and fittings, where he served the managing role on monthly consolidation, audit, corporate communications and compliance matters.

Mr. Alan Hoh is a member of the Institute of Singapore Chartered Accountants since January 2016 and a member of the Association of Chartered Certified Accountants since March 2015.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRACTICES

The Board is responsible for overseeing and managing the overall risks associated with the business of the Group and promoting the success of the group by the direction and supervision of the Group's business and affairs. The Board is also responsible for formulating the overall strategies and day to day management of the Group by delegating to the management team with appropriate authority and responsibility.

The Company has adopted the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Main Board of the Stock Exchange (the "Listing Rules"). Save as disclosed in this report, the Directors consider that during the year ended 31 December 2019, the Company had complied with all the code provisions (the "Code Provision") as set under the CG Code.

COMPLIANCE OF CODE OF CONDUCT FOR 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 enquiry of all the Directors, all the Directors confirmed that they had complied with the required standard of dealings and the code of conduct regarding securities transactions by directors adopted by the Company throughout the year ended 31 December 2019.

BOARD OF DIRECTORS

Board Composition

The composition of the Board for the year ended 31 December 2019 and up to the date of this report were:

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. Au Ki Lun (resigned on 1 June 2019)
Mr. Ng Chee Chin (appointed in 1 June 2019)

The Board had complied with the Rule 3.10 of the Listing Rules to have at least three independent non-executive Directors and at least one independent non-executive Director has appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has made an annual confirmation of independent pursuant to Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors to be independent to the Company and meet the requirements set out in Rules 3.13 of the Listing Rules at the date of this report.

CORPORATE GOVERNANCE REPORT

Under 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. Mr. Siew Yew Khuen currently holds both positions. Throughout our business history, Mr. Siew Yew Khuen, as a co-founder and Controlling Shareholder of the Group, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of the business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors, including the independent non-executive Directors, consider that Mr. Siew Yew Khuen is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders of the Company as a whole.

The Company has arranged appropriate insurance cover in respect of legal action against the Directors.

Each executive Director has entered into a service contracts with the Company for an initial term of three years with effect from the Listing Date and shall continue thereafter unless and until it is terminated by the Company or the Director giving to the other not less than three months' prior notice in writing.

Each independent non-executive Director has entered into a letter of appointment with the Company for an initial term of one year commencing from their respective date of appointment and shall continue thereafter unless terminated by the Company or the Director giving at least one month's notice in writing.

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Each of the Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit of and in the best interests of the Company and does not allow any conflict between his or her duties as a Director and his or her personal interest. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between the Group and the Directors or their respective close associates, the interested Director(s) will abstain from voting at the relevant Board meetings of the Company in respect of such transactions and will not be counted in the quorum.

To enable the Board to fulfil its responsibilities, the Management strives to provide Board members with adequate and timely information for Board and Board Committee meetings on an on-going basis. The Board and Board Committee papers are prepared for each meeting and are disseminated to the members at least 3 days before the meetings. The Board and Board committee papers include financial, business and corporate matters of the Group so as to enable the Directors to be properly briefed on matters to be considered at the Board and Board committee meetings and to make informed decisions. Directors are given separate and independent access to the Group's Management and company secretary to address any enquiries.

Directors' Attendance Records

During the year ended 31 December 2019, 4 regular Board meetings were held for, among other things, reviewing and approving the financial and operating performance, and reviewing and approving the quarterly, interim and annual results of the Group.

The attendance records of each Director at the Board meetings for the period from the listing date to 31 December 2019 are set out below:

Name of Director	Attendance/Number of Board meetings held
Executive Directors	
Mr. Siew Yew Khuen	4/4
Ms. Lee Lai Fong	4/4
Mr. Siew Yew Wai	4/4
Mr. Zha Jianping	4/4
Independent non-executive Directors	
Mr. Clarence Tan Kum Wah	4/4
Mr. Gary Chan Ka Leung	4/4
Mr. Au Ki Lun (resigned on 1 June 2019)	2/2
Mr. Ng Chee Chin (appointed on 1 June 2019)	2/2

There is no alternate director.

The Chairman also held a meeting with the independent non-executive Directors without the presence of other Directors during the year ended 31 December 2019.

Notice of regular Board meetings is served to all the Directors at least 14 days before the meeting. For other Board and committee meetings, reasonable notice is generally given. Board papers together with all appropriate, complete and reliable information are sent to all the Directors at least 3 days before each Board meeting or committee meeting to enable the Directors to make informed decisions. Each Director is able to seek independent professional advice in appropriate circumstances at the Company's expense, upon making request to the Board.

The company secretary is responsible for taking and keeping minutes of all board meetings and committee meetings. Draft minutes which record in sufficient detail the matters considered and decisions reached, including any concerns raised by Directors or dissenting views expressed are normally circulated to directors for comments within a reasonable time after each meeting and final versions are open for directors' inspection.

Corporate Governance Functions

The Board is responsible for performing the functions set out in the Code Provision D.3.1 of the CG Code. The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code and written employee guidelines, and the Company's compliance with the CG Code and disclosure in this corporate governance report.

Directors' Training

Pursuant to Code Provision A.6.5, all the Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant. The Company has provided information related to the changes in the Listing Rules. The Company will continuously update the Directors on he latest developments to the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance the Directors' awareness of good governance practice.

BOARD COMMITTEES

The Board has established four committees, namely the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee"), nomination committee (the "Nomination Committee") and corporate governance committee (the "Corporate Governance Committee"). Each committee has its written terms of reference which can be found on the websites of the Stock Exchange and the Company, respectively and is provided sufficient resources and empowered to function within its own terms of reference.

Audit Committee

The Company has established the Audit Committee on 23 June 2017 with written terms of reference in compliance with Code Provision C.3.4. The Audit Committee comprises three independent non-executive Directors, namely Mr. Gary Chan Ka Leung, Mr. Clarence Tan Kum Wah and Mr. Ng Chee Chin. Mr. Gary Chan Ka Leung has been appointed to serve as the chairman of the Audit Committee. The primary duties of the Audit Committee are mainly to make recommendations to the Board on the appointment and dismissal of the external auditor, review the financial statements and information and provide advice in respect of financial reporting and oversee the internal control procedures of the Company.

The Audit Committee held 4 meetings during the year ended 31 December 2019 for the purposes of, among other things, considering and approving the annual financial results for the year ended 31 December 2018, the first quarterly financial results for the three months ended 31 March 2019, the interim financial results for the six months ended 30 June 2019 and the third quarterly financial results for the nine months ended 30 September 2019, respectively. The details of attendance are set out below:

Audit Committee Members	**Attendance/Number of meetings held**
Mr. Gary Chan Ka Leung	4/4
Mr. Clarence Tan Kum Wah	4/4
Mr. Au Ki Lun (resigned on 1 June 2019)	2/2
Mr. Ng Chee Chin (appointed on 1 June 2019)	2/2

Nomination Committee

The Company has established the Nomination Committee on 23 June 2017. The Nomination Committee comprises one executive Director and two independent non-executive Directors, namely Mr. Siew Yew Wai, Mr. Clarence Tan Kum Wah and Mr. Gary Chan Ka Leung. Mr. Clarence Tan Kum Wah has been appointed as the chairman of the Nomination Committee. The Nomination Committee has written terms of reference in compliance with the CG Code. The primary functions of the Nomination Committee are to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations to the Board on any proposed changes to the Board to complement the Company's corporate strategy; identify individuals suitably qualified as potential Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships; assess the independence of the independent non-executive Directors; and make recommendations to the Board on the appointment or reappointment of the Directors and succession planning of Directors, in particular that of the chairman and the chief executive officer.

Where necessary, the Nomination Committee can seek independent professional advice, at the Company's expense, to perform its responsibilities.

The Nomination Committee held 1 meeting during the year ended 31 December 2019 and the details of attendance are set out below:

Nomination Committee Members	Attendance/Number of meetings held
Mr. Clarence Tan Kum Wah	1/1
Mr. Gary Chan Ka Leung	1/1
Mr. Siew Yew Wai	1/1

Remuneration Committee

The Company has established the Remuneration Committee on 23 June 2017 with written terms of reference in compliance with Code Provision B.1.3. The Remuneration Committee comprises two executive Directors and one independent non-executive Director, namely Mr. Siew Yew Khuen, Ms. Lee Lai Fong and Mr. Ng Chee Chin. Mr. Ng Chee Chin has been appointed as the chairman of the Remuneration Committee. The primary functions of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for all directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy; to review and approve the management's performance-based remuneration proposals with reference to the Board's corporate goals and objectives from time to time; to make recommendations to the Board on the remuneration packages of all individual executive directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment, and make recommendations to the Board on the remuneration of non– executive directors. The Remuneration Committee should consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the directors, and employment conditions elsewhere in the Group and desirability of performance-based remuneration; and to ensure that no director or any of his associates is involved in deciding his own remuneration.

The Remuneration Committee held 2 meetings during the year ended 31 December 2019 and the details of attendance are set out below:

Remuneration Committee Members	Attendance/Number of meetings held
Mr. Au Ki Lun (resigned on 1 June 2019)	2/2
Mr. Ng Chee Chin (appointed on 1 June 2019)	0/0
Mr. Siew Yew Khuen	2/2
Ms. Lee Lai Fong	2/2

Corporate Governance Committee

The Company has established the Corporate Governance Committee on 23 June 2017 with written terms of reference in compliance with the CG Code. The Corporate Governance Committee comprises of three executive Directors, namely Mr. Siew Yew Khuen, Ms. Lee Lai Fong and Mr. Siew Yew Wai. Ms. Lee Lai Fong has been appointed as the chairlady of the Corporate Governance Committee. The primary functions of the Corporate Governance Committee are to keep the effectiveness of the corporate governance and system of internal controls of the Group. The Corporate Governance Committee shall introduce and propose relevant principles concerning corporate governance and to review and determine the corporate governance policy, so as to enhance and to ensure a high standard of corporate governance practices in the Group.

CORPORATE GOVERNANCE REPORT

ACCOUNTABILITY AND AUDIT

The Board acknowledges its responsibility for on a going concern basis preparing financial statements for each financial year giving a true and fair view of the state of affairs of the Group. The responsibility of the Company's auditor, PricewaterhouseCoopers is set out in the section headed "Independent Auditor's Report" of this report.

Risk Management and Internal Control

The Board is responsible for overseeing and managing the overall risks associated with the business of the Group. The risk management plan of the Group is implemented in accordance with the Workplace Safety and Health (Risk Management) Regulation, which includes risks assessment and risks prevention at the workshop of the Group, and to ensure safety measures and policies are in place.

The Company has also established the Audit Committee for reviewing and supervising the financial reporting process and internal control system of the Group.

The Group has established internal control systems covering corporate governance, financial reporting, revenue, expenditure management, human resources, treasury and general computer controls. The Board had reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls, risk management functions, the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting, internal audit and financial reporting functions. The Directors believe that the current internal control system is appropriate for the business operations. The Board will regularly review the administration and the adequacy of the internal system and develop and revise the internal control system to cater for expansion of the Group.

The Directors are aware of the requirements under the applicable regulations, Part XIVA of the Securities and Futures Ordinance and the Listing Rules for the handling and dissemination of inside information. All the inside information identified by the Directors shall be published and disclosed to the public in a timely manner through the Company's publications and communications, unless the information falls within safe harbours as prescribed in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

Compliance Officer

Ms. Lee Lai Fong has been appointed as the compliance officer of our Company. Her biographical details are set out in section headed "Directors and Senior Management" in this report.

Company Secretary

Mr. Man Yun Wah has been nominated by RHT Corporate Advisory (HK) Limited to act as the company secretary of the Company since 1 February 2017, who has complied with the requirements of Rule 3.29 of the Listing Rules. He has been contacting with the Board directly in respect of company secretarial matters.

All the Directors have access to the advice and services of the company secretary on corporate governance and Board practice and matters.

Auditor's Remuneration

The remuneration paid to the auditor of the Company, PricewaterhouseCoopers, for audit services and non-audit service amounted to approximately S$155,000 and S$145,886, respectively for the year ended 31 December 2019.

Non-audit service includes professional fee in relation to Transfer of Listing.

COMMUNICATION WITH SHAREHOLDERS

The Company strives for maintaining effective and on-going communication with and timely disclosing useful information to the shareholders and potential investors of the Company. The Directors hold annual general meeting yearly to meet the shareholders of the Company, and publish and distribute annual, interim and quarterly reports for providing updated financial performance and business developments of the Company to the shareholders of the Company.

Code Provision E.1.3 of the CG Code stipulates that the issuer should arrange for the notice to Shareholders to be sent in the case of the annual general meeting at least 20 clear business days before the meeting and in the case of all other general meetings at least 10 clear business days before the meeting. The Company has been in compliance with such code provision.

SHAREHOLDERS' RIGHTS

Convening extraordinary general meeting

Pursuant to the Company's articles of association, the Board may whenever it thinks fit call extraordinary general meetings. Any one or more shareholders of the Company holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two (2) months after the deposit of such requisition. If within twenty-one (21) days of such deposit the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Right to Put Forward Proposals at General Meetings

There is no provision for shareholders to propose resolutions at a general meeting under the Cayman Islands Companies Law. However, shareholders can follow the above procedure and request to convene extraordinary general meeting.

Right to Put Enquiries to the Board

Shareholders of the Company may send written enquiries or requests in respect of their rights to Unit 912, 9/F., Two Harbourfront, 22 Tak Fung Street, Hunghom, Kowloon, Hong Kong for the attention of the company secretary, or contact the Hong Kong Share Registrar of the Company, Tricor Investor Services Limited for any enquiries about their shareholdings and entitlements to dividend.

INVESTOR RELATIONS

The Company has established various communication channels with its shareholders, including but not limited to holding annual general meeting, publishing and distributing annual, interim and quarterly reports, announcements and circulars on the websites of the Stock Exchange and the Company and to its shareholders, respectively.

Articles of Association

There had been no significant change to the Articles of Association of the Company for the year ended 31 December 2019.

DIRECTORS' REPORT

The Directors have pleasure in presenting their annual report together with the audited consolidated financial statements of the Group (the "Consolidated Financial Statements") for the year ended 31 December 2019 (the "Year").

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding and those of the principal subsidiaries of the Company are set out in Note 1 to the Consolidated Financial Statements.

SEGMENT INFORMATION

An analysis of the Group's performance for the year by operating segment is set out in Note 5 to the Consolidated Financial Statements.

BUSINESS REVIEW

The business review of the Group for the Year together the future business development is set out in the section headed "Management Discussion and Analysis" on pages 5 to 12 of this annual report. This discussion form part of the report of directors.

RESULTS AND APPROPRIATIONS

The results of the group for the Year are set out in the consolidated statement of comprehensive income on page 58.

The Directors do not recommend the payment of a final dividend to the shareholders of the Company for the Year (2018: N/A).

DONATIONS

During the Year, charitable and other donations made by the Group amounted to S$12,950 (2018: S$6,310).

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year are set out in Note 15 to the consolidated financial statements.

SHARES CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2019 are set out in Note 23 to the Consolidated Financial Statements.

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Company's reserves available for distribution, calculated in accordance with the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, amounted to approximately S$6,514,000 (2018: S$8,432,000).

DIVIDEND POLICY

The Dividend Distribution Policy of the Company establishes the principles to ascertain amounts that can be distributed to its shareholders as dividend by the Company. Subject to the applicable law and its Articles of Association, the Company's dividend payout will be determined based on available financial resources, investment requirements and taking into account optimal shareholders return.

While determining the nature and quantum of dividend payout, the Board would take into account the following factors, inter alia:

- Cash flow position of the Company
- Earnings stability
- Long term investments
- Future cash requirements for development
- Economic environment
- Industry outlook for the future years
- Changes in the Government policies, industry specific rulings & regulatory provisions

EQUITY-LINKED AGREEMENTS

Other than the share option scheme of the Company, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

PRE-EMPTIVE RIGHTS

There is no provision for the pre-emptive rights under the Company's Articles of Association, or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year ended 31 December 2019 were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouses or children under 18 years of age, or were any such rights exercised by them, or was the Company, its holding company, or any of its subsidiaries and fellow subsidiaries a party to any arrangement to enable the Directors to acquire such rights in any other body corporate.

DIRECTORS' REPORT

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 108. This summary does not form part of the Consolidated Financial Statements.

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

On 13 July 2017, the shares of the Company were listed on GEM operated by the Stock Exchange. On 23 December 2019, the shares of the Company have been listed on the Main Board of the Stock Exchange by way of transfer of listing from GEM, and subsequently delisted from GEM. Neither the Company nor any of its subsidiaries had purchased, sold and redeemed any of the Company's listed securities after the Listing and up to the date of this report.

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. During the period from 23 June 2017 to the date of this report, no share options had been granted by the Company.

(a) Purpose of the Share Option Scheme

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners or service providers of our Group and to promote the success of the business of our Group.

(b) Who may join and basis of eligibility

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, including, where required under the Listing Rules, the independent non-executive Directors) from time to time on the basis of the participant's contribution or potential contribution to the development and growth of our Group.

(c) Maximum number of shares

The maximum number of shares in respect of which options may be granted under the Share Option Scheme shall not in aggregate exceed 10% of all the Shares in issue as at the date of the Listing (i.e. not exceeding 45,000,000 shares representing 10% of the issued capital of the Company as at the date of this report).

(d) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon the exercise of options granted to each participant (including both exercised and outstanding options) under the Share Option Scheme of our Company, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his/her close associates abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(e) Time of exercise of option

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant subject to the provisions of early termination thereof.

(f) The minimum period for which an option must be held before it can be exercised

As determined by the Board upon the grant of an option.

(g) Grant of options and acceptance of offers

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(h) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a business day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that in the event of fractional prices, the subscription price per Share shall be rounded upwards to the nearest whole cent; and for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five business days, the new issue price shall be used as the closing price for any business day falling within the period before listing.

DIRECTORS

The Directors during the year and up to the date of this report were:

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. Au Ki Lun (resigned on 1 June 2019)
Mr. Ng Chee Chin (appointed on 1 June 2019)

Pursuant to the Articles of Association, Mr. Siew Yew Khuen, Mr. Siew Yew Wai, Mr. Zha Jianping and Mr. Ng Chee Chin will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting").

DIRECTORS' REPORT

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three (3) years commencing from the date of the listing (the "Listing") of the shares of the Company (the "Shares") on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") and continuing thereafter until terminated by either party giving not less than three months' notice in writing to the other.

Each of the independent non-executive Directors has entered into a letter of appointment with the Company for an initial term of one (1) year commencing from the Listing until terminated by either party giving not less than 1 month's notice in writing.

None of the directors who are proposed for re-election at the Annual General Meeting has a service contract with the company which is not determinable within one year without payment of compensation, other than statutory compensation.

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at annual general meeting. Other emoluments are determined by the Board of the Company with reference to the recommendations by remuneration committee of the Company, directors' duties, responsibilities and performance and the results of the Group. The remuneration of Directors (including executive Directors and independent non-executive Directors) on named basics are set out in Note 10(b) to the consolidated Financial Statements.

DIRECTORS' MATERIAL INTERESTS IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

No transactions, arrangements and contracts of significance in relation to the Group's business to which the Company's subsidiaries, fellow subsidiaries or its parent company was a party and in which a director of the company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in Note 28 to the consolidated financial statements in this report, no controlling shareholder of the Company had a material interest, either directly or indirectly, in any contract of significance (whether for the provision of services to the Company or not) to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2019.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 13 to 18 of this report.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ANY SPECIFIED UNDERTAKING OF THE COMPANY OR ANY OTHER ASSOCIATED CORPORATION

As at the date of this report, the interests or short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO") which have been notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein or pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will were as follows:

Name of Director	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximately percentage of shareholding of the Company
Mr. Siew Yew Khuen	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%
Ms. Lee Lai Fong	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%

Notes:

(1) The Letter "L" denotes the person's long position in the relevant Shares.

(2) The entire issued share capital TOMO Ventures Limited ("TOMO Ventures") is legally and beneficially owned as to 51% by Ms. Lee Lai Fong and as to 49% by Mr. Siew Yew Khuen. Accordingly, Ms. Lee Lai Fong and Mr. Siew Yew Khuen are deemed to be interested in 230,000,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee Lai Fong and Mr. Siew Yew Khuen are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

At no time during the year ended 31 December 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of the Shares, or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND/OR SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES OF THE COMPANY

Up to the date of this report, the persons or entities who have interests or short positions in the Shares and underlying Shares of the Company which have been disclosed to the Company under the provisions of Division 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of the SFO are as follows:

Name	Capacity/Nature of interest	Number of Shares held (Note 1)	Approximately percentage of shareholding of the Company
Mr. Siew Yew Khuen	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%
Ms. Lee Lai Fong	Interest in controlled corporation (Note 2)	230,000,000 (L)	51.11%
TOMO Ventures	Beneficial owner	230,000,000 (L)	51.11%

Notes:

(1) The Letter "L" denotes the person's long position in the relevant Shares.

(2) The entire issued share capital TOMO Ventures Limited ("TOMO Ventures") is legally and beneficially owned as to 51% by Ms. Lee Lai Fong and as to 49% by Mr. Siew Yew Khuen. Accordingly, Ms. Lee Lai Fong and Mr. Siew Yew Khuen are deemed to be interested in 230,000,000 Shares held by TOMO Ventures by virtue of the SFO. Ms. Lee Lai Fong and Mr. Siew Yew Khuen are spouses and are therefore deemed to be interested in all the Shares they are respectively interested in (by him/herself or through TOMO Ventures) pursuant to the SFO.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the company were entered into or existed during the year.

MAJOR CUSTOMERS AND SUPPLIERS

The percentages of purchases and sales for the Year attributable to the Group's major suppliers and customers are as follows:

Purchases

– the largest supplier	28.9%
– five largest suppliers in aggregate	77.7%

Sales

– the largest customer	66.2%
– five largest customers in aggregate	94.4%

To the best knowledge of the directors, neither the directors, their associates, nor any shareholders, who owned more than 5% of the Company's issued share capital, had any beneficial interest in any of the Group's five largest customers or suppliers during the year.

CONNECTED TRANSACTIONS

During the year ended 31 December 2019, the Group had no transactions which need to be disclosed as connected transactions in accordance with the requirements of the Listing Rules.

FINANCIAL ASSISTANCE AND GUARANTEES TO AFFILIATED COMPANIES

At 31 December 2019, the Group had not provided any financial assistance and guarantee.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the company and within the knowledge of the Directors, it is confirmed that there is sufficient public float of at least 25% of the Company's issued shares for the period from the date of Listing to 31 December 2019 and up to date of this report.

TAX RELIEF

The Company is not aware of any relief from taxation available to the shareholders of the Company by reason of their holdings of the Company's shares.

COMPLIANCE OF NON-COMPETITION UNDERTAKING

The controlling shareholders of the Company, namely Mr. Siew Yew Khuen, Ms. Lee Lai Fong and TOMO Ventures Limited (each a "Covenantor" and collectively, the "Covenantors") have entered into the deed of non-competition on 23 June 2017 (the "Deed of Non-Competition"), pursuant to which, the Covenantors provided certain non-competition undertakings to the Company. During the year, the independent non-executive Directors have reviewed the implementation of the Deed of Non-Competition and have confirmed that the Covenantors have been in full compliance with the Deed of Non-Competition and there was no breach by the Covenantors.

DIRECTORS' REPORT

COMPETING BUSINESS

During the year and up to the date of this report, none of the Directors or the controlling shareholders or their respective associates (as defined in the Listing Rules) of the Company had any interests in any businesses which competed with or might compete with the business of the Group.

SUBSEQUENT EVENTS

Details of subsequent events are set out in note 31 to the consolidated financial statements.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 19 to 25 in this annual report.

LOANS AND BORROWINGS

The Group did not have bank loans or other borrowings as at 31 December 2019.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Directors' Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Tuesday, 2 June 2020. A notice of which shall be sent to the shareholders of the Company in accordance with the Articles, the Listing Rules and other applicable laws and regulations.

DIRECTORS' REPORT

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the forthcoming Annual General Meeting, the register of members of the Company will be closed from Thursday, 28 May 2020 to Tuesday, 2 June 2020, both dates inclusive, during which period no transfer of shares can be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share registrar and transfer office in Hong Kong, Tricor Investor Services Limited, at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Wednesday, 27 May 2020.

AUDITOR

The consolidated financial statements have been audited by PricewaterhouseCoopers who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of PricewaterhouseCoopers as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

On behalf of the Board

Siew Yew Khuen
Chairman and Chief Executive Officer
Hong Kong, 26 March 2020

ENVIRONMENTAL AND SOCIAL GOVERNANCE REPORT

1. HIGHLIGHTS

1.1 Corporate profile

TOMO Holdings Limited ("TOMO" or the 'Company') and its subsidiaries (collectively, the 'Group') is principally engaged in the passenger vehicle (PV) leather upholstery and electronic accessories businesses in Singapore.

For the leather upholstery business, the Group supplies and installs custom-fitted leather upholstery for PV seats. They also provide leather wrapping for other PV interior products such as door panels, head rests and arm rests.

For the electronic accessories business, it is divided into two sub-segments:

(i) Navigation and multimedia accessories, i.e. supply and installation of products such as navigation systems, head units and in-car entertainment systems, and

(ii) Safety and security accessories, i.e. supply and installation of products that improve driver and passenger safety and security, such as digital video recorders, reverse cameras and parking sensors and security alarm systems.

TOMO was listed on GEM operated by the Stock Exchange on 13 July 2017. Subsequently, TOMO was transferred to the Main Board of the Stock Exchange on 23 December 2019.

1.2 Scope of sustainability report

The scope of the report covers the Group's core business in TOMO-CSE Autotrim Pte Ltd (TOMO-CSE) operating in Singapore.

This report is prepared to be in line with the Environmental, Social and Governance (ESG) Reporting Guide (ESG Guide) set out in Appendix 27 of the Rules Governing the Listing of Securities on the Stock Exchange.

Unless otherwise stated, this report covers the policies and regulatory compliances on material ESG topics for the Group for the financial year ended on 31 December 2019.

2. OUR APPROACH TO SUSTAINABILITY

2.1 Corporate governance and conduct of business

The Group strictly adheres to their environmental and social responsibilities, and have enhanced their accountability and transparency by upholding high standards in business ethics and corporate governance in all areas of their operations, thus building stronger trust with their stakeholders. The Board has overall responsibility for ensuring effective corporate governance across the Group, including ensuring that effective risk management and internal controls are in place to address any identified ESG risks.

The Group has in place the relevant Standard Operating Procedures (Group SOP) which establishes its principles and practices with regard to matters which may have ethical implications. The Group SOP provides communicable and understandable guidelines for staff to observe in their dealings with customers, suppliers and amongst fellow colleagues. The Group SOP provides guidance on issues such as:

- Fraud risk management procedure for the identification, assessment, management and reporting of risks on a consistent and reliable basis
- Whistleblowing procedure to enable employees and other persons to raise concerns on possible improprieties relating to fraud, unethical business conducts, violations of law, etc.
- Gift and entertainment control procedure for the receipt and giving of gifts and entertainment to any person, corporation or firm having transaction with the Group, or any prospective customer of the Group

2.2 Stakeholder engagement

The Group engages both internal and external stakeholders on a regular basis with the goal to strengthen its sustainability approach and performance of the Group. An overview of our approach and rationale is set out in the table below (with stakeholders listed in alphabetical order):

Stakeholder	How we engage	Why we engage
Customers	• Customer service feedback records. • Face to face consultation with service staff.	• Customers' feedback is used to improve services and product quality.
Employees	• Training • Employee engagement activities • Ongoing guidance by supervisors and management.	• Continuous engagement allows the Group to develop employees' capabilities and address any potential workplace concerns in a timely manner.
Government	• Discussions and communications with Authorities, as and when necessary.	• To keep up with regulatory requirements.
Shareholders	• Annual General Meetings • Annual and interim reports • Company announcements	• To keep up with shareholders' expectations.
Suppliers	• Ongoing direct engagements	• Trusted relationships with brand name suppliers are vital to the Group' ability to meet its quality commitment.

Based on the stakeholder engagement, the Group identified product quality control and management, supply chain management, and occupational health and safety as issues of the highest importance to both the Group and its stakeholders. This review helped the Group in prioritising its sustainability issues and highlighting the material and relevant aspects, so as to align them with stakeholders' expectations.

The relevant and required disclosure are presented in the following sections.

3. ENVIRONMENTAL

The Group recognises the importance of environmental protection as the starting point for sustainability. We continue to work to reduce the environmental impact of our operations and to promote environmental protection within the Group and our community.

3.1 Aspect A1: Emissions

Emissions for the Group include Greenhouse Gas (GHG) (Scope 1) emissions from the use of diesel for the Company van, GHG (Scope 2) emissions from the use of purchased electricity in the Group's Singapore office and workshop, and municipal wastewater and solid waste generated by the office and workshop staffs. No hazardous waste was generated by the Group in FY2019.

In FY2019, the total GHG emissions of the Group was 74.1 tonnes of carbon dioxide emission (tCO_2e) (with an intensity of 96.7 $kgCO_2e$ per square metre (m^2) of factory floor area).

Key performance indicators

Ref	Description	2019	2018	Units	Performance
A1.2	GHG emissions (Scope 1)	34.62	30.8	tCO_2e	↑ 12.4%
A1.2	GHG emissions (Scope 2)	39.48	40.7	tCO_2e	↓ 3.0%
A1.2	GHG emissions (Total)	74.1	71.5	tCO_2e	↑ 3.6%
A1.2	GHG emissions intensity	96.7	93.3	$kgCO_2e/m_2$	

In FY2019, the Group's total GHG emissions increased by 3.6%, arising from a 12.4% increase in GHG (Scope 1) emissions and a 3.0% reduction in GHG (Scope 2) emissions.

Increase in GHG (Scope 1) emissions is due to increased diesel fuel usage from the increased number of trips made by one of the technical support vehicles as a result of the increase in the installation works in Pandan Garden workshop. Reduction in GHG (Scope 2) emissions is due to lesser electricity usage as a result of reduction in installation and production of leather upholstery works in Group's Eastlink Workshops.

Legal compliance

The Group has complied with all relevant environmental laws in Singapore, where the Group operates. In FY2019, the Group was not in violation of any relevant laws and regulations relating to waste gas or greenhouse gas (GHG) emissions, water or land discharging, and hazardous or non-hazardous wastes.

Air and GHG emissions

Air and GHG emissions for the Group arises mainly from the use of electricity and diesel in the Group's Singapore office and workshop. The Group has set up internal policies, further described in 'A.2. Use of Resources', to reduce energy use and thus GHG emissions.

Non-hazardous wastewater

Wastewater generated in the Group arises from domestic wastewater only. The Group has set up internal policies, further described in 'A.2. Use of Resources', to reduce water use and thus wastewater emissions.

Non-hazardous solid waste

Solid wastes generated in the Group arises from domestic solid wastes, and packaging and material waste from our operations. These wastes are collected, source separated, and recycled before being collected for disposal. The Group has set up internal policies, further described in 'A.2. Use of Resources', to reduce paper use and thus non-hazardous solid waste emissions.

3.2 Aspect A2: Use of Resources

The Group recognises that efficient use of resources, including energy, water and other raw materials, in production, storage, transportation, buildings, electronic equipment, etc., is one of the significant aspects to protect environment.

Key performance indicators

Ref	Description	2019	2018	Units	Performance
A2.1	Electricity consumption	63,474	65,408	kWh	↓ 3.0%
A2.1	Electricity consumption intensity	82.86	85.4	kWh/m^2	
A2.1	Energy consumption	12,918	11,490	mJ	↑ 12.4%
A2.1	Energy consumption intensity	16.86	15.0	mJ/m^2	
A2.2	Water consumption	305	386	m^3	↓ 21.0%
A2.2	Water consumption intensity	0.4	0.5	m^3/m^2	

In FY2019, we see reductions in consumptions of electricity and water of 3.0% and 21.0% respectively. Water consumption has greatly reduced due to the increase of installation works performed in customer's workshops, including the water-intensive value-added service of car wash. Decrease in electricity consumption and increase in energy consumption are as explained in Aspect A1 above.

Compliance

The Group has complied with the relevant laws and regulations in relation to the Group's use of resources during the year under review. In FY2019, resources consumed by the Group were purchased electricity, diesel, water, and paper.

Purchased electricity

The Group's electricity consumption came from regular operations of the office and machineries at its workshops. In FY2019, the total electricity consumption of the Group was 63,474 kilowatt-hours (kWh) (with an intensity of 82.86 kWh'000/m^2), a decrease of 3.0% compared to the previous year. Decrease in electricity consumption is as explained in Aspect A1 above.

All employees stringently complied with the Group's policy of saving energy. The Group started to replace traditional light bulbs with electricity-saving light bulbs as well as educated its employees about energy conservation and emission reductions. To ensure the effective use of electricity, the Group conducted the following practices:

- Turn off lights, computers and air conditioning system before clocking out
- Place energy saving reminder labels next to switches
- Clean office equipment (such as refrigerator, air-conditioner) regularly to maintain high efficiency
- Use energy saving equipment
- Set temperature of air conditioners to 25°C

The Group established policies and procedures to reduce energy consumption in the office and workshop, to assess the energy efficiency, to increase the use of clean energy, if possible, to set applicable targets to monitor energy consumption, and to ensure power is turned off when electrical appliances are not in use.

Energy

The Group's energy consumption is mainly from diesel consumed for the Company van. In FY2019, the total diesel consumption of the Group was 12,918 litre (with an intensity of 16.86 litre/m^2), an increase of 12.4% compared to the previous year. Increase in energy consumption is as explained in Aspect A1 above. The Group encourages energy saving through regular maintenance of the vehicle to reduce its emissions.

Water consumption

The Group's water consumption is mainly from domestic water use. In FY2019, the total water consumption of the Group was 305 m^3 (with an intensity of 0.4 m^3/m^2), a decrease of 21.0% compared to the previous year. Decrease in water consumption is as explained above.

To further improve the utilisation efficiency of water resources, the Group adopted the following practices:

- Place posters on 'Saving Water' to encourage water conservation
- Strengthen the inspection and maintenance on water taps and fixing any dripping taps immediately to avoid wastage
- Use water saving equipment

Paper

Paper was mainly consumed by the Group's office. The Group will commence tracking the usage of this resource starting from FY2019. The Group strives to reduce paper waste at source by adopting the following practices:

- Think before print
- Set duplex printing as the default mode for most network printers
- Use email to reduce fax paper consumption
- Separate single-sided paper and double-sided paper for better recycling
- Use the back of old single-sided documents for printing or as draft paper

Packaging material

There was no significant packaging material used in operation.

3.3 Aspect A3: Environment and Natural Resources

The Group is committed to protecting the environment where the Group operates. The Group had taken effective measures to reduce electricity consumption, and thus the overall GHG emissions.

4. SOCIAL

The Group strives to fulfil its social responsibilities as a corporate citizen of communities and endeavours to establish harmonious relationship with our employees, customers, and the communities. We care about the well-being and development of employees, ensure high standard of service responsibility, enhance transparent relationship with external parties, including customers, and contribute to our community development.

4.1 Aspect B1: Employment

The Group established employment policies, including recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination.

Legal compliance

The human resources policies of the Group strictly adhere to the applicable employment laws and regulations in Singapore, including but not limited to the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A). The Group also complied with the laws and regulations in respect to the employees' social security schemes (i.e. Central Provident Fund) that are enforced by the Singapore government in relation to employee benefits. The human resources department of the Group and its subsidiaries review and update the relevant company policies regularly in accordance with the latest laws and regulations.

In FY2019, the Group was in compliance with relevant laws and regulations in relation to recruitment and promotion, compensation and dismissal, working hours, rest periods, benefits and welfare, equal opportunity, diversity, and anti-discrimination that have a significant impact on the Group.

Recruitment and promotion

The Group attracts talent through fair, and flexible recruitment strategy. Recruitment process is required to include application for recruitment, description of position, collection of job applications, interview, selection, approval, and job offering. Promotion is required to be based on performance and suitability.

Compensation and dismissal

The Group offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with employment market. Laws and regulations on statutory social benefits are required to be followed. Dismissal is required to comply with employment laws and regulations, and to follow the internal policies and procedures, including policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.

Working hours, rest periods, benefits and welfare

Employees' working hours, rest periods, benefits and welfare, including medical insurance, overtime payment, retirement benefits through Central Provident Fund, and statutory leave entitlement, are required to be in compliance with employment or labour laws and regulations.

Equal opportunities, diversity and anti-discrimination

The Group is an equal opportunity employer. We endeavour to provide a fair workplace for employees and follow the principles of equality and non-discrimination. Recruitment, remuneration, promotion, and benefits are required to be handled based on objective assessment, equal opportunity and non-discrimination regardless of gender, race, age, or other measures of diversity.

Other benefits and welfare

The Group organises regular recreational activities to encourage team building, such as Chinese New Year Dinner, Annual Dinner, barbeques and badminton sessions.

During Chinese New Year, employees may receive additional gifts as well.

4.2 Aspect B2: Health and Safety

The Group is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses.

Legal compliance

The Group has established occupational safety and health policies that are in line with various laws and regulations in Singapore, including but not limited to the Workplace Safety and Health Act (Cap. 354A).

In FY2019, the Group was not in violation of any of the relevant laws and regulations in relation to providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on the Group.

Providing a safe working environment and protection from occupational hazards

The Group strives to provide a high-quality working environment for its employees and have established a series of policies according to the ISO 9001:2008 and BizSAFE Level 3 for safe working environment and protecting employees from occupational hazards.

4.3 Aspect B3: Development and Training

The Group is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. Training includes vocational training courses provided internally or externally and paid by the Group.

Employee development

The Group requires employees to attend internal and external training courses including new employee orientation and employee continuing education to improve employees' knowledge and skills for their job positions.

Training activities

Training and development courses are offered throughout the Group to upgrade employee skills and knowledge. During the year, all directors have participated in continuous professional development by attending training course or reading relevant materials on the topics related to corporate governance and regulations.

4.4 Aspect B4: Labour Standards

The Group is committed to protecting human rights, to prohibiting forced labours, and to creating a workplace with fairness, respect, and free will for our employees.

Legal compliance

The Group strictly abides by the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A), and other related labour laws and regulations in Singapore, to prohibit any child and/or forced labour employment.

In FY2019, the Group was not in violation of any of the relevant laws and regulations, in relation to the prevention of child and forced labour that have a significant impact on the Group.

4.5 Aspect B5: Supply Chain Management

Supply chain management is a key area of our business, which includes managing environmental and social risks of the supply chain. As an enterprise with a keen sense of social responsibility, it is critical and vital for the Group to maintain and manage a sustainable and reliable supply chain that takes environmental and societal impact into considerations. The Group monitors the quality of its suppliers and supply chain practices on a regular basis.

The Group chooses suppliers based on their background, product quantity and quality, price, customer service quality, reputation, past cooperation experience, delivery time, and outcome from annual evaluation. When selecting suppliers, the supplier must not only meet the Group's internal standards, but also be a legally compliant, socially responsible and financially healthy enterprise. Potential suppliers are required to provide relevant quality certifications, arrange for site visits, and request for samples of materials to be supplied to ensure that the materials meet the required specifications. The Group has its own internal list of approved qualified suppliers and will reassess them annually.

The Group strives to reduce the environmental impact of procurement activities when cooperating with suppliers. As far as practicable, local suppliers are preferred as it reduces both cost and emissions associated with the transportation of raw materials and packaging materials.

The Group maintains close liaison with its suppliers to ensure they comply with local laws and regulations in their country during operations and stick to their corporate ethics. The Group has formulated a policy on supplier management and divided the suppliers into different groups according to the duration of the cooperation and the scope of the cooperation so as to implement a differentiated management strategy for the suppliers. Given the firm and stable relationship between the Group and its suppliers, the Group can be promptly updated of the supply situation through the internet, phone calls, and other communication means.

4.6 Aspect B6: Product Responsibility

The Group is committed to ensuring product safety and product quality.

Legal compliance

With regard to the Group's product health and safety, advertising and labelling, and privacy management, the Group is strictly in compliance with the related rules and regulations in Singapore as stated below.

In FY2019, the Group was not in violation of any relevant laws and regulations regarding health and safety, advertising, labelling and privacy matters of its products that may have a significant impact on the Group.

Products quality and safety

The Group is committed to ensuring product quality and safety and has established internal guidelines to ensure the Group is ensuring products quality and safety and complying with the Consumer Protection (Trade Descriptions And Safety Requirements) Act (Cap. 53). The Group's business is in strict compliance with the ISO 9001:2008 (Quality Management Systems). The Group's has also obtained the BizSAFE Level 3 certification for safe working environment.

Advertising and labelling

The Group has established internal guidelines to ensure the Group is providing accurate product labelling and marketing materials that comply with the Consumer Protection (Trade Descriptions And Safety Requirements) Act (Cap. 53) and market practices. Any exaggeration of offerings in the marketing materials is strictly prohibited. If there is any non-compliance with the Group's internal guideline, the Group would carry out corrective action immediately.

Intellectual property

The Group is dedicated to protecting and enforcing its intellectual property rights and has complied with the relevant laws and regulations such as the Intellectual Property (Miscellaneous Amendments) Act 2004. The Group have also registered its "Eurostyle" trademark in Singapore and Hong Kong, in which the brand is applied to several diverse product offerings.

Consumer data protection

The Group is committed to abiding by the laws in relation to customer privacy, such as the Personal Data Protection Act 2012, to ensure customers' rights are strictly protected. Information collected by the Group from its customers would only be used for the purpose for which it has been collected. The Group prohibits the provision of customer information to a third party without authorisation of the customer. All collected personal data of customers during the course of business are treated as confidential, kept securely and accessible by designated personnel only.

Customer complaints

The Group has established standard procedures for handling product enquires and complaints. Customers are able to access the TOMO Website at www.thetomogroup.com to file their complaints.

4.7 Aspect B7: Anti-Corruption

To maintain a fair, ethical and efficient business and working environment, the Group strictly adheres to the local laws and regulations relating to anti-corruption and bribery, irrespective of the area or country where the Group conducts its business.

Legal compliance

In FY2019, the Group was not in violation of any of the relevant laws and regulations in relation to bribery, extortion, fraud and money laundering that have a significant impact on the Group.

Preventing bribery and corruption

The Group prohibits all forms of bribery and corruption. The Group requires all employees to strictly abide by professional ethics and eliminate any corruption and bribery. All employees are expected to discharge their duties with integrity, to act fairly and professionally, and to abstain from engaging in bribery activities or any activities, which might exploit their positions against the Group's interests.

Whistle-blowers can report verbally or in writing to the senior management of the Group for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect the Group's interests. The Group advocates a confidentiality mechanism to protect the whistle-blowers against unfair dismissal or victimisation. Where criminality is suspected, a report is made to the relevant regulators or law enforcement authorities when the management considers necessary.

In addition, the staff handbook lays out the Group's expectation and guiding provisions on code of conduct. The Group encourages employees, customers, suppliers, or other parties to report incidents relating to any conflicts of interest, extortion, bribery, fraud and money laundering.

4.8 Aspect B8: Community investment

The Group understands the importance of making a positive contribution to the communities where the Group operates, and sees the interests of the communities as one of its social responsibilities. The Group is committed to promoting the economic development and living environment of the community, and seeks to help individuals and organisations within the community.

Labour needs

The Group strives to enlarge the business operation so that we can hire more workers to alleviate unemployment in the community.

Community activities

The Group encourages our employees to participate in community activities, such as community initiatives organised by charity foundations, volunteerism, and donations to causes supported by the Group.

Furthermore, the Group also made donations to several charity organisations that support community development. In FY2019, the Group donated a total of S$3,350 to the charity organisation.

Environmental protection

The Group encourages all employees to participate in environmental protection activities and raise the environmental awareness of people in the communities.

APPENDIX A: ESG REPORTING GUIDE CONTENT INDEX

The ESG Reporting Guide Content Index references the TOMO Holdings Limited Sustainability Report 2019 (SR).

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
A: Environmental		
Aspect A1: Emissions		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste	• Page 39
KPI A1.1	The types of emissions and respective emissions data	• Page 39
KPI A1.2	Greenhouse gas emissions in total and, where appropriate, intensity	• Page 39
KPI A1.3	Total hazardous waste produced and, where appropriate, intensity	• Not applicable
KPI A1.4	Total non-hazardous waste produced and, where appropriate, intensity	• Not applicable
KPI A1.5	Description of measures to mitigate emissions and results achieved	• 39 – 40
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, reduction initiatives and results achieved	• 39 – 40
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources including energy, water and other raw materials	• 40
KPI A2.1	Direct and/or indirect energy consumption by type in total and intensity	• 40
KPI A2.2	Water consumption in total and intensity	• 40
KPI A2.3	Description of energy use efficiency initiatives and results achieved	• 40 – 41
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency initiatives and results achieved	• 42
KPI A2.5	Total packaging material used for finished products and, if applicable, with reference to per unit produced	• 42
Aspect A3: Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	• 42
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	• Not applicable

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
B: Social		
Employment and Labour Practices		
Aspect B1: Employment		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, anti-discrimination, and other benefits and welfare	• 43
Aspect B2: Health and Safety		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards	• 44
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	• 45
Aspect B4: Labour Standards		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour	• 45

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
Operating Practices		
Aspect B5: Supply Chain Management		
General disclosure	Policies on managing environmental and social risks of the supply chain	• 46
Aspect B6: Product Responsibility		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress	• 46 – 47
Aspect B7: Anti-Corruption		
General disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering	• 47 – 48
Community		
Aspect B8: Community Investment		
General disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities takes into consideration the communities' interests	• 48

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

To the Shareholders of TOMO Holdings Limited
(incorporated in the Cayman Islands with limited liability)

OPINION

What we have audited

The consolidated financial statements of TOMO Holdings Limited (the "Company") and its subsidiaries (the "Group") set out on pages 58 to 107, which comprise:

- the consolidated balance sheet as at 31 December 2019;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

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INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Provision for warranty cost
- Valuation of investment properties

Key Audit Matter	How our audit addressed the Key Audit Matter
Provision for warranty cost Refer to note 4(a) and note 24(b) to the consolidated financial statements. As at 31 December 2019, the Group recorded a warranty provision of S$183,948 (2018: S$263,885) based on management's estimation with reference to historical rate of warranty claims and estimated costs of repairs and replacements. The Group provides 12–36 months warranties on certain passenger vehicle leather upholstery and electronic accessories and undertakes to repair or replace items that fail to perform satisfactorily. We focused on this area as the estimation of costs to be incurred in connection with the warranty obligations requires the use of significant management judgment and estimates in respect of the expected rate of warranty claims and estimated costs of repairs and replacements.	Our procedures in relation to management's warranty provision estimates focused on the following: • understanding, evaluating and validating key controls exercised by management to monitor the Group's warranty obligations and estimate the required provision based on historical experience of the likelihood and costs of repairs and replacements; • comparing the prior year's estimated warranty provision amount against actual claims occurred during the year to identify if significant variances exist in order to evaluate the reasonableness of management's historical estimate on the warranty provision; • considering the reasonableness of the key inputs management applied to estimate the warranty provision by comparing (a) the expected rate of warranty claims to the historical rate of warranty claims and (b) the estimated costs of repairs and replacements to the latest quotation from major suppliers. In addition, we have also discussed with management and performed sensitivity analysis on management estimation for the overall reasonableness of the key inputs; and • discussing with management on the existence of any indicators of any product defects that may have occurred during the year and subsequent to the year-end that would significantly affect the accuracy of the provision estimates. Based on our procedures performed, we found that the judgments and assumptions applied by management in estimating the warranty provision were supported by available evidence.

KEY AUDIT MATTERS (CONTINUED)

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to note 4(b) and note 14 to the consolidated financial statements for the related disclosures. As at 31 December 2019, the fair values of the Group's investment properties located in Singapore amounted to S$3,150,000 (2018: S$3,150,000). Management has engaged an independent external valuation expert to assess the fair values of the investment properties using comparison method. Due to the uniqueness of each property depending on its nature, condition and location, the valuation requires the use of judgment in determining the relevant unobservable inputs including the selling price per square metre applied to the valuation model. We focused on this area due to the significance of the carrying value of the investment properties to the Group's consolidated financial statements, as well as significant judgment and estimates involved in the valuation.	Our procedures in relation to management's valuation of these properties included the following: • evaluating the external valuation expert's independence, qualification and competency; • discussing with the external valuer and management to understand the rationale of the chosen valuation method and the assumptions applied; • assessing the appropriateness of the methodology used and the reasonableness of assumptions applied by comparing to industry practice; and • comparing the data inputs adopted in the valuations, such as recent transaction prices of comparable properties, on a sample basis, to market data. Based on the procedures performed above, we found management's assessment of the fair values of these investment properties to be acceptable based on available evidence.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF DIRECTORS AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRSs and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Chan Wai Ching.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 26 March 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 S$	2018 S$
Revenue	6	**16,487,087**	17,818,277
Cost of sales	9	**(9,906,595)**	(10,271,061)
Gross profit		**6,580,492**	7,547,216
Other income	7	**160,176**	72,030
Other (losses)/gains – net	8	**(37,609)**	64,941
Selling and distribution expenses	9	**(443,484)**	(422,310)
Administrative expenses	9	**(3,336,927)**	(1,868,622)
Finance income	11	**150,415**	97,584
Finance cost on lease liabilities		**(4,488)**	–
Fair value loss on investment properties	14	**–**	(238,850)
Profit before income tax		**3,068,575**	5,251,989
Income tax expense	12	**(829,173)**	(1,009,892)
Profit for the year		**2,239,402**	4,242,097
Profit and total comprehensive income for the year attributable to equity holders of the Company		**2,239,402**	4,242,097
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (Singapore cents)	13	**0.50**	0.94

The notes on pages 63 to 107 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

		As at 31 December	
		2019	2018
	Note	**S$**	S$
Assets			
Non-current assets			
Investment properties	14	**3,150,000**	3,150,000
Property, plant and equipment	15	**1,074,829**	1,328,115
Right-of-use assets	16	**83,913**	–
Deferred tax asset	18	**1,000**	–
		4,309,742	4,478,115
Current assets			
Inventories	20	**790,943**	1,381,437
Trade and other receivables	19	**3,259,897**	3,353,691
Fixed deposits	21	**9,263,692**	–
Cash and cash equivalents	21	**10,271,910**	16,472,052
		23,586,442	21,207,180
Total assets		**27,896,184**	25,685,295
Equity and liabilities			
Capital and reserve attributable to equity holders of the Company			
Share capital	23	**793,357**	793,357
Share premium	23	**12,398,264**	12,398,264
Other reserve		**200,000**	200,000
Retained earnings		**12,017,725**	9,778,323
Total equity		**25,409,346**	23,169,944

CONSOLIDATED BALANCE SHEET

As at 31 December 2019

	Note	As at 31 December **2019** **S$**	 2018 S$
Liabilities			
Non-current liabilities			
Lease liabilities	16	**47,365**	–
Deferred tax liability	18	**–**	4,000
		47,365	4,000
Current liabilities			
Trade and other payables	24	**1,550,115**	1,522,351
Lease liabilities	16	**38,358**	–
Current income tax liabilities		**851,000**	989,000
		2,439,473	2,511,351
Total liabilities		**2,486,838**	2,515,351
Total equity and liabilities		**27,896,184**	25,685,295

The consolidated financial statements on pages 58 to 107 were approved for issue by the Board of Directors on 26 March 2020 and were signed on its behalf.

Mr. Siew Yew Khuen
Director

Ms. Lee Lai Fong
Director

The Notes on pages 63 to 107 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2019

	Attributable to the equity holders of the Company				
	Share capital (Note 23) S$	**Share premium (Note 23) S$**	**Other reserve S$**	**Retained earnings S$**	**Total S$**
At 1 January 2018	793,357	12,398,264	200,000	5,536,226	18,927,847
Comprehensive income					
Profit and total comprehensive income for the year	–	–	–	4,242,097	4,242,097
At 31 December 2018	793,357	12,398,264	200,000	9,778,323	23,169,944
At 1 January 2019	793,357	12,398,264	200,000	9,778,323	23,169,944
Comprehensive income					
Profit and total comprehensive income for the year	–	–	–	2,239,402	2,239,402
At 31 December 2019	793,357	12,398,264	200,000	12,017,725	25,409,346

The notes on pages 63 to 107 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Note	Year ended 31 December 2019 S$	2018 S$
Cash flow from operating activities			
Profit before income tax		**3,068,575**	5,251,989
Adjustments for:			
– Depreciation of property, plant and equipment		**265,866**	257,001
– Depreciation of right-of-use assets		**32,275**	–
– Fair value loss on investment properties		**–**	238,850
– Write-off of inventories		**14,861**	21,415
– Provision for warranty cost		**98,954**	219,978
– Finance income		**(150,415)**	(97,584)
– Finance cost on Lease liabilities		**4,488**	–
Operating profit before working capital changes		**3,334,604**	5,891,649
Changes in working capital:			
– Inventories		**575,633**	(356,704)
– Trade and other receivables		**134,275**	(201,508)
– Trade and other payables		**(71,190)**	(21,307)
Cash generated from operations		**3,973,322**	5,312,130
Income tax paid		**(972,173)**	(618,794)
Net cash generated from operating activities		**3,001,149**	4,693,336
Cash flows from investing activities			
Purchase of investment properties		**–**	(3,388,850)
Purchase of property, plant and equipment		**(12,580)**	(433,283)
Interest received		**109,934**	105,637
(Placement)/withdrawal of fixed deposits		**(9,263,692)**	6,494,172
Net cash (used in)/generated from investing activities		**(9,166,338)**	2,777,676
Cash flows from financing activities			
Principal element of lease payment		**(30,465)**	–
Interest element of lease payment		**(4,488)**	–
Net cash used in financing activities		**(34,953)**	–
Net (decrease)/increase in cash and cash equivalents		**(6,200,142)**	7,471,012
Cash and cash equivalents at beginning of the year		**16,472,052**	9,001,040
Cash and cash equivalents at end of the year	21	**10,271,910**	16,472,052

The notes on pages 63 to 107 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

These consolidated financial statements have been approved for issue by the Board of Directors on 26 March 2020.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all the years and period presented, unless otherwise stated.

2.1 Basis 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 Cap.622. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs 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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) Adoption of new and amendments to standards

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

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

The Group had to change its accounting policies as a result of adopting IFRS 16. The Group elected to adopt the new rules retrospectively and there is no cumulative effect of initially applying the new standard on 1 January 2019. The impact of adoption is disclosed in Note 2.2 below. The adoption of other new and amendments to standards did not have any significant financial impact on these consolidated financial statements.

(ii) New standards, interpretations and amendments to standards which are not yet effective

The following are new standards, interpretations and amendments to standards that have been published and are mandatory for the Group's accounting periods beginning on or after 1 January 2020 or later periods, but have not been early adopted by the Group.

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

The Group 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Changes in accounting policies

IFRS 16 Leases

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

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at date of adoption. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 5.25%.

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

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

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

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

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

Lessor accounting

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries

Consolidation

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated statement of comprehensive income.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Subsidiaries (Continued)

Consolidation (Continued)

(b) Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.4 Foreign currency translation

(a) Functional and presentation currency

Items included in the consolidated financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements is presented in Singapore Dollar ("S$"), which is functional and presentation currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Investment properties

Investment properties include buildings that are held for long-term rental yields and/or for capital appreciation.

Investment properties are initially recognised at cost and subsequently carried at fair value, determined annually by independent professional valuers on the highest and best use basis. Changes in fair values are recognised in profit or loss.

Investment properties are subject to renovations or improvements at regular intervals. The cost of major renovations and improvements is capitalised as addition and the carrying amounts of the replaced components are written off to profit or loss. The cost of maintenance, repairs and minor improvements is recognised in profit or loss when incurred.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. On disposal or retirement of an investment property, the difference between any disposal proceeds and the carrying amount is recognised in profit or loss.

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance costs are charged to statement of comprehensive income during the financial period in which they are incurred.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Property, plant and equipment (Continued)

Depreciation is calculated using the straight-line method to allocate depreciable amounts over their estimated useful lives. The estimated useful lives are as follows:

	Useful lives
Leasehold Properties	30 years
Lightings, Renovation, Furniture & Fittings	3 to 5 years
Machineries and Motor Vehicles	5 to 10 years
Office Equipment, Software and Computers	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.7).

Gains/losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised within "Other (losses)/gains – net" in the consolidated statement of comprehensive income.

2.7 Impairment of non-financial assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds it recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.8 Leases

As explained in Note 2.2 above, the Group has changed its accounting policy for leases where the Group is the lessee. The new policy is described below and the impact of the change in Note 2.2.

Until 31 December 2018, leases of property, plant and equipment where the Group, as lessee, had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, were included in other short-term and long-term payables. Each lease payment was allocated between the liability and finance cost. The finance cost was charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases was depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Group will obtain ownership at the end of the lease term.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Group as lessee were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases for which the Group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the balance sheet based on their nature. The Group did not need to make any adjustments to the accounting for assets held as lessor as a result of adopting the new leasing standard.

2.9 Financial assets

(a) Classification

The Group classifies its financial assets as those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are presented as current assets, except for those expected to be realised later than 12 months after the balance sheet date which are presented as non-current assets. Loans and receivables comprise "trade and other receivables" (Note 19) and "cash and bank balances" (Note 21) in the consolidated balance sheet.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

(c) Measurement

Financial assets are subsequently measured at amortised cost using the effective interest method.

(d) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its financial assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

2.10 Inventories

Inventories for materials, finished goods and inventories held for resale are valued at the lower of cost and net realisable value. Cost is determined using the weighted average basis. The cost of finished goods comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.11 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.12 Share capital and dividends

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividend distribution to the Company's equity owners is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.13 Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business, if longer). If not, they are presented as non-current liabilities.

Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.14 Current and deferred income tax (Continued)

(d) Investment tax credit

The Group accounts for investment tax credits (for example, productivity and innovative credit) similar to accounting for other tax credits where deferred tax asset is recognised for unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax credit can be utilised.

2.15 Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax except:

– Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

– Receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the consolidated balance sheet.

2.16 Employee benefits

(a) Defined contribution plans

Defined contribution plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund, and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. The Group's contributions to defined contribution plans are recognised in the financial year to which they relate.

(b) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. Accrual is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition

(a) Sale and installation of passenger vehicle leather upholstery and electronic accessories

The Group sells and installs passenger vehicle leather upholstery and electronic accessories for the customers. Sales are recognised when control of the products has transferred, being when the products are delivered and installed (i.e. at a point of time), the customer has the ability to direct the use installed product, obtain substantially all of the remaining benefits from it, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been installed on the vehicles, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see Note 24(b).

The customers are invoiced periodically. Unbilled revenue arises from the cumulative revenue recognised but not yet invoiced to customers.

(b) Sale of electronic accessories

The Group sells vehicle electronic accessories to the customers. Sales are recognised when control of the products has transferred, being when the products are delivered (i.e. at a point of time), the customer has the ability to direct the use installed product, obtain substantially all of the remaining benefits from it, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customer, and either the wholesaler has accepted the products in accordance with the sales contract, the acceptance provisions have lapsed, or the Group has objective evidence that all criteria for acceptance have been satisfied.

Revenue from these sales is recognised based on the price specified in the contract. No element of financing is deemed present as the sales are made with a credit term of 30 days, which is consistent with market practice. The Group's obligation to repair or replace faulty products under the standard warranty terms is recognised as a provision, see Note 24(b).

As receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

(c) Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.18 Interest income

Interest income from bank deposits is recognised on a time proportion basis on the principal outstanding and at the rate applicable.

2.19 Government grants

Grants from the government are recognised as a receivable at their fair value when there is reasonable assurance that the grant will be received and the Group will comply with all the attached conditions.

Government grants receivable are recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

Government grants relating to assets are deducted against the carrying amount of the assets.

2.20 Provision for warranty cost

Provision for warranty cost is recognised when the Group has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

The Group recognises the estimated liability to repair or replace products still under warranty at the balance sheet date. This provision is calculated based on historical experience of the level of repairs and replacements.

3 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to market risk (including currency risk and interest risk), credit risk and liquidity risk. The Group's overall risk management strategy focusses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.

The Group has exposure to foreign exchange risk arising mainly from the exposure of S$ against HK$. Foreign exchange risk arises mainly from recognised assets. At 31 December 2019, if the HK$ 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$86,000 (2018: S$315,000) lower/higher as a result of foreign exchange losses/gains mainly on translation of HK$ denominated cash and bank balances.

(ii) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Group's exposure to fluctuations in interest rates relates primarily to its debt obligations with financial institutions and its investment portfolio in fixed deposits. The Group manages its cost by using a fixed variable rate debt and to obtain the most favourable interest rates available.

At 31 December 2019, if the interest rates on bank deposits had been 50 basis-points higher/lower with all other variables held constant, profit before income tax for the year would have been approximately S$56,000 (2018: S$45,000) higher/lower, respectively, mainly as a result of higher/lower interest income on bank deposits.

(b) Credit risk

(i) Risk management

Credit risk refer to the risk that the counter-party will default on its contractual obligations resulting in financial loss to the Group. The major classes of financial assets of the Group are bank balances and trade receivables. For trade receivables, the Group adopts policy of dealing only with customers of appropriate credit history. For other financial assets, the Group adopts the policy of dealing only with high credit quality counter-parties.

Credit exposure to an individual counter-party is restricted by credit limits that are approved by the directors based on on-going credit evaluation. The counter-party's payment profile and credit exposure are continuously monitored by the directors of the Company.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

(i) Risk management (Continued)

The trade receivables of the Group comprise 3 debtors that represented 86.8% of trade receivables as at 31 December 2019 (2018: 94.5%). The Group has credit policies and procedures in place to minimise and mitigate its credit risk exposure.

Bank balances that are neither past due nor impaired are mainly balances with regulated banks. Trade and other receivables that are neither past due nor impaired are substantially companies with no credit histories of default with the Group.

(ii) Impairment of financial assets

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables for sales of inventory and sales and installation of inventory.
- other financial assets measured at amortised costs (including bank balances and other receivables).

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

The Group measures the expected credit losses on a combination of both individual and collective basis.

Measurement of expected credit loss on individual basis

The receivables relating to customers with material balances are assessed individually for provision for impairment allowance. As at 31 December 2019, no loss allowance was provided in respect of individually assessed receivables.

Measurement of expected credit loss on group basis

Expected credit losses are also estimated by grouping the remaining receivables based on shared credit risk characteristics and collectively assessed for the likelihood of loss allowance, taking into account customers' profile, its aging category, and applying expected credit loss rates to the respective gross carrying amounts of the receivables. For the year ended 31 December 2019, the expected credit losses rate for customers is minimal, given there is no history of significant defaults from customers and insignificant impact from forward looking estimates. The assessed expected credit losses for trade receivables are not material.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Other financial assets measured at amortised cost

Other financial assets at amortised cost include bank balances and other receivables. The Group has applied the expected credit loss model to bank balances and other receivables. Management considers that its credit risk has not increased significantly since initial recognition with reference to the counterparty historical default rate and current financial position. The impairment provision is determined based on the 12-month expected credit losses which is close to zero.

(c) Liquidity risk

Liquidity or funding risk is the risk that the Group will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at lose to its fair value.

The Group's financial liabilities comprise trade and other payables excluding provision for warrants cost.

The Group has no financial liabilities with maturity of more than one year. These balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

The Group manages its liquidity risk by ensuring the availability of funding through its ability to operate profitably, maintaining sufficient cash to enable it to meet its normal operating commitments, having adequate amount of committed credit facilities.

(d) Capital risk management

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to its shareholder, return capital to shareholder or issue new shares. No changes were made in the objectives, policies and processes during the years ended 31 December 2018 and 31 December 2019.

The Group also monitors capital on the basis of gearing ratio. The gearing ratio is calculated as total debt divided by total capital. Total debt is calculated as lease liabilities. Total capital represents total equity as shown in the consolidated balance sheet.

	As at 31 December 2019 S$
Net debt	**85,723**
Total capital	**25,409,346**
Gearing ratio	**0.003**

The Group does not have any borrowing other than lease liabilities as at 31 December 2019 (2018: the Group does not have any borrowing as at 31 December 2018).

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) 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, as follows:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the assets or liability, either directly or indirectly.

(iii) Level 3: unobservable inputs for the asset or liability.

The carrying amounts of the Group's current financial assets, including trade and other receivables and bank balances and; current financial liabilities, including trade and other payables and lease liabilities, approximate their fair values as at the reporting date due to their short term maturities. The carrying value of non-current financial liability is approximate to its fair value as at reporting date.

The Group's non-financial assets measured at fair value, including investment properties, are included in level 3 as there are significant unobservable inputs in the valuation technique. The Group does not have level 1 or level 2 items as at 31 December 2019 (2018: Nil).

Fair value measurements of investment properties under Level 3 fair value hierarchy

Investment properties are carried at fair values at the end of reporting date as determined by independent professional valuers. Valuations are made at each financial statements date based on the properties' highest-and-best-use using the comparison method that considers sales of similar properties that have been transacted in the open market. The most significant input into this valuation approach is selling price per square metre. The valuation report and fair value changes are reviewed by the directors at each reporting date.

The fair value estimation process and technique of investment properties are disclosed in Note 14.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(a) Provision for warranty cost

The Group gives 12-36 months warranties on certain products and undertakes to repair or replace items that fail to perform satisfactorily. A provision is recognised at the balance sheet date for expected warranty claims based on past experience of the level of repairs and returns. The Group made provision amounted to S$183,948 as at 31 December 2019 (2018: S$263,885).

(b) Fair value of investment properties

The fair values of investment properties of the Group are determined by an independent valuer on an open market for existing use basis with reference to comparable market transactions. In making the judgment, the Group considers information from current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences.

5 SEGMENT INFORMATION

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

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.

5 SEGMENT INFORMATION (CONTINUED)

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Total	
	2019	2018	**2019**	2018	**2019**	2018
	S$	S$	**S$**	S$	**S$**	S$
Sales and installation of goods	**4,147,165**	5,124,366	**9,230,712**	11,744,846	**13,377,877**	16,869,212
Sales of goods	**-**	–	**3,109,210**	949,065	**3,109,210**	949,065
Segment revenue	**4,147,165**	5,124,366	**12,339,922**	12,693,911	**16,487,087**	17,818,277
Segment profit	**1,229,608**	1,653,079	**3,659,489**	4,094,761	**4,889,097**	5,747,840
Depreciation of property, plant and equipment	**(57,149)**	(62,605)	**(95,833)**	(95,378)	**(152,982)**	(157,983)
Depreciation of right-of-use assets	**(25,820)**	–	**-**	–	**(25,820)**	–
Unallocated expenses:						
Depreciation of property, plant and equipment					**(112,884)**	(99,018)
Depreciation of right-of-use assets					**(6,455)**	–
Fair value loss on investment properties					**-**	(238,850)
Professional fees in relation to Transfer of Listing					**(1,522,381)**	–
Profit before income tax					**3,068,575**	5,251,989
Income tax expense					**(829,173)**	(1,009,892)
Profit for the year					**2,239,402**	4,242,097

5 SEGMENT INFORMATION (CONTINUED)

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

5 SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

Geographical information

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

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

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

6 REVENUE

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

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

7 OTHER INCOME

	Year ended 31 December	
	2019	2018
	S$	S$
Wages Credit Scheme	**7,400**	16,117
Special Employment Credit	**6,676**	8,068
Rental income	**146,100**	47,845
	160,176	72,030

Wage Credit Scheme and Special Employment Credit are incentives introduced by the Singapore government to help corporates alleviate business costs in a tight labour market and to support business investments. These incentives are granted in the form of cash payout.

8 OTHER (LOSSES)/GAINS — NET

	Year ended 31 December	
	2019	2018
	S$	S$
Foreign exchange (loss)/gain	**(56,465)**	44,956
Others	**18,856**	19,985
	(37,609)	64,941

9 EXPENSES BY NATURE

	Year ended 31 December	
	2019	2018
	S$	S$
Costs of inventories	**8,000,755**	8,236,777
Freight and forwarding charges	**20,595**	35,508
Employee benefit costs (Note 10)	**2,938,917**	2,961,502
Depreciation of property, plant and equipment (Note 15)	**265,866**	257,001
Depreciation of right-of-use assets (Note 16)	**32,275**	–
Rental expenses on short-term leases	**25,884**	55,698
Commission	**19,315**	22,233
Entertainment	**73,803**	79,929
Motor vehicles expenses	**50,734**	42,395
Insurance	**60,145**	57,034
Travelling expenses	**26,399**	38,068
Advertisement	**20,148**	30,456
Auditor's remuneration		
– Audit services	**155,000**	154,000
Legal and professional fees	**269,777**	298,304
Write-off of inventories	**14,861**	21,415
Reversal of unutilised warranty	**(97,742)**	(134,713)
Provision for warranty cost	**98,954**	219,979
Professional fees in relation to Transfer of Listing		
– Paid or payable to auditor	**145,886**	–
– Paid or payable to other professional parties	**1,376,495**	–
Other operating expenses	**188,939**	186,407
Total cost of sales, selling and distribution expenses and administrative expenses	**13,687,006**	12,561,993

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS

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

	Year ended 31 December	
	2019	2018
	S$	S$
Wages, salaries and allowances	**2,502,963**	2,467,868
Discretionary bonuses	**139,658**	154,003
Retirement benefit costs — defined contribution plans	**148,207**	146,851
Others	**148,089**	192,780
	2,938,917	2,961,502

(b) Directors' emoluments

The remuneration of every director for the year ended 31 December 2019 is set out below:

Name of director	**Fees S$**	**Salaries, allowances and benefits in kind S$**	**Discretionary bonuses S$**	**Employer's Contribution to defined contribution plans S$**	**Total S$**
Executive directors					
Mr. Siew Yew Khuen	**-**	**360,135**	**-**	**6,480**	**366,615**
Ms. Lee Lai Fong	**-**	**240,135**	**-**	**8,640**	**248,775**
Mr. Siew Yew Wai	**-**	**101,535**	**15,000**	**11,310**	**127,845**
Mr. Zha Jian Ping	**-**	**61,926**	**-**	**-**	**61,926**
Independent non-executive directors					
Mr. Clarence Tan Kum Wah	**43,600**	**-**	**-**	**-**	**43,600**
Mr. Gary Chan Ka Leung	**43,600**	**-**	**-**	**-**	**43,600**
Mr. Au Ki Lun (Note vi)	**8,545**	**-**	**-**	**-**	**8,545**
Mr. Ng Chee Chin (Note vi)	**12,097**	**-**	**-**	**-**	**12,097**
	107,842	**763,731**	**15,000**	**26,430**	**913,003**

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Directors' emoluments (Continued)

The remuneration of every director for the year ended 31 December 2018 is set out below:

Name of director	Fees S$	Salaries, allowances and benefits in kind S$	Discretionary Bonuses S$	Employer's Contribution to defined contribution plans S$	Total S$
Executive directors					
Mr. Siew Yew Khuen	–	360,135	–	6,480	366,615
Ms. Lee Lai Fong	–	240,135	–	9,360	249,495
Mr. Siew Yew Wai	–	96,135	14,200	11,206	121,541
Mr. Zha Jian Ping (note vii)	–	46,572	–	–	46,572
Independent non-executive directors					
Mr. Clarence Tan Kum Wah	43,600	–	–	–	43,600
Mr. Lim Cher Hong (note vii)	32,700	–	–	–	32,700
Mr. Gary Chan Ka Leung	43,600	–	–	–	43,600
Mr. Au Ki Lun	7,682	–	–	–	7,682
	127,582	742,977	14,200	27,046	911,805

For the year ended 31 December 2019, none of the directors of the Company waived any emoluments paid or payable by the Group companies and no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office (2018: None).

(i) Directors' retirement benefits

No retirement benefits were paid to or receivable by any directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiaries undertaking for the year ended 31 December 2019 (2018: Nil).

(ii) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment for the year ended 31 December 2019 (2018: Nil).

(iii) Consideration provided to third parties for making available directors' services

No payment was made to the former employer of directors for making available the services of them as a director of the Company for the year ended 31 December 2019 (2018: Nil).

10 EMPLOYEE BENEFIT COSTS — INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Directors' emoluments (Continued)

(iv) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

There are no loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors for the year ended 31 December 2019 (2018: Nil).

(v) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Company's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time for the year ended 31 December 2019 (2018: Nil).

(vi) Mr. Ng Chee Chin was appointed as the Company's independent non-executive director on 1 June 2019. Mr. Au Ki Lun was appointed as the Company's independent non-executive director on 20 August 2018 and resigned as the Company's independent non-executive director on 31 May 2019.

(vii) Mr. Zha Jian Ping was appointed as the Company's executive director on 1 April 2018. Mr. Lim Cher Hong resigned as the Company's independent non-executive director on 20 September 2018.

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company include 3 executive directors for the years ended 31 December 2019 (2018: 3 executive directors), whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining 2 individuals for the years ended 31 December 2019 (2018: 2 individuals) are as follows:

	Year ended 31 December	
	2019	2018
	S$	S$
Wages, salaries and allowances	**194,070**	185,070
Discretionary bonuses	**11,025**	29,800
Retirement benefit costs — defined contribution plans	**26,354**	29,546
	231,449	244,416

	Number of individuals	
	2019	2018
Emoluments band		
Nil — HK$1,000,000 (equivalent to S$173,100)	**2**	2

11 FINANCE INCOME

	Year ended 31 December	
	2019	2018
	S$	S$
Interest income from fixed deposits	**150,415**	97,584

12 INCOME TAX EXPENSE

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

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

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

	Year ended 31 December	
	2019	2018
	S$	S$
Income tax		
– Current income tax	**851,000**	989,000
– (Over)/under provision in prior years	**(16,827)**	29,892
	834,173	1,018,892
Deferred income tax (Note 18)		
– Deferred income tax	**(5,000)**	(8,000)
– Over provision in prior years	**–**	(1,000)
	(5,000)	(9,000)
Income tax expense	**829,173**	1,009,892

12 INCOME TAX EXPENSE (CONTINUED)

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

	Year ended 31 December	
	2019	2018
	S$	S$
Profit before income tax	**3,068,575**	5,251,989
Tax calculated at domestic tax rate of 17% (2018: 17%)	**521,658**	892,838
Tax effect of:		
– Expenses not deductible for tax purposes	**378,731**	145,252
– Non-taxable income	**(25,571)**	(16,589)
– Singapore statutory income exemption	**(27,349)**	(41,429)
– (Over)/under provision in prior years	**(16,827)**	28,892
– Others	**(1,469)**	928
Income tax expense	**829,173**	1,009,892

13 EARNINGS PER SHARE

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

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

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

14 INVESTMENT PROPERTIES

	2019 S$	2018 S$
At fair value		
At 1 January	**3,150,000**	–
Additions	**–**	3,388,850
Net loss from fair value	**–**	(238,850)
At 31 December	**3,150,000**	3,150,000

The following amounts are recognised in consolidated statement of comprehensive income:

	Year ended 31 December	
	2019 **S$**	2018 S$
Rental income	**146,100**	47,845
Direct operating expenses arising from properties that generated rental income	**9,950**	7,831

The following table analyses the Group's investment properties that are measured subsequent to initial recognition at fair value, grouped into fair value hierarchy level 3 based on the degree to which the inputs to fair value measurement is observable.

The fair value loss is recognised in the consolidated statement of comprehensive income.

	Fair value measurements using significant Unobservable inputs (Level 3)	
	2019 **S$**	2018 S$
At 31 December 2019		
Recurring fair value measurements:		
Investment properties	**3,150,000**	3,150,000

There was no transfer between level 1, 2 and 3 during the year.

14 INVESTMENT PROPERTIES (CONTINUED)

Valuation processes

The Group's investment properties were valued at 31 December 2019 by Jones Lang LaSalle Property Consultants Pte Ltd (2018: Asian Appraisal Company Pte Ltd), an independent and qualified professional valuer not connected to the Group. The valuer holds a recognised and relevant professional qualification and has recent experience in valuing similar properties in similar location and categories of the investment properties being valued.

Valuation technique

Valuation are based on comparison approach assuming sales of each of these properties in its existing state with the benefits of vacant procession. The valuation technique is based on comparison with recent transactions of comparable properties. By making reference to sales transactions as available in the relevant market, comparable properties in close proximity have been selected and adjustments have been made to account for the difference in factors such as locations and property size. In estimating the fair value of all of the Group's investment properties, the highest and best use of these properties is their current use.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2019	Valuation technique	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial unit 1	S$1,050,000 (2018: S$1,050,000)	Comparison approach	Average selling price per square metre	S$3,680 per square metre (2018: S$3,680 per square metre)	The higher the unit rate, the higher the fair value
Industrial unit 2	S$1,050,000 (2018: S$1,050,000)	Comparison approach	Average selling price per square metre	S$3,680 per square metre (2018: S$3,680 per square metre)	The higher the unit rate, the higher the fair value
Industrial unit 3	S$1,050,000 (2018: S$1,050,000)	Comparison approach	Average selling price per square metre	S$3,710 per square metre (2018: S$3,710 per square metre)	The higher the unit rate, the higher the fair value

At the balance sheet date, the details of the Group's investment properties are as follows:

Location	Description/existing use	Tenure
# 8 Kaki Bukit Avenue 4, 02-03/04/05, Premier @ Kaki Bukit, Singapore 415875	Workshop and office space	60 years leasehold from 15 December 2010

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties S$	Lightings, renovation, furniture & fittings S$	Machinery & motor vehicles S$	Office equipment, software and computers S$	Total S$
At 1 January 2018					
Cost	1,150,227	119,210	819,580	259,810	2,348,827
Accumulated depreciation	(519,794)	(92,311)	(440,581)	(144,308)	(1,196,994)
Net book amount	630,433	26,899	378,999	115,502	1,151,833
Year ended 31 December 2018					
Opening net book amount	630,433	26,899	378,999	115,502	1,151,833
Additions	–	10,309	420,153	2,821	433,283
Depreciation	(42,574)	(11,690)	(153,457)	(49,280)	(257,001)
Closing net book amount	587,859	25,518	645,695	69,043	1,328,115
At 31 December 2018 and 1 January 2019					
Cost	**1,150,227**	**129,519**	**1,239,733**	**262,631**	**2,782,110**
Accumulated depreciation	**(562,368)**	**(104,001)**	**(594,038)**	**(193,588)**	**(1,453,995)**
Net book amount	**587,859**	**25,518**	**645,695**	**69,043**	**1,328,115**
Year ended 31 December 2019					
Opening net book amount	**587,859**	**25,518**	**645,695**	**69,043**	**1,328,115**
Additions	**–**	**1,000**	**–**	**11,580**	**12,580**
Depreciation	**(42,574)**	**(10,673)**	**(165,930)**	**(46,689)**	**(265,866)**
Closing net book amount	**545,285**	**15,845**	**479,765**	**33,934**	**1,074,829**
Year ended 31 December 2019					
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	**545,285**	**15,845**	**479,765**	**33,934**	**1,074,829**

15 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation expense of S$152,982, S$2,838 and S$110,046 (2018: S$157,983, S$2,838 and S$96,180) has been charged to cost of sales, selling and distribution expenses and administrative expenses, respectively, for the year ended 31 December 2019.

Banking facilities are secured on legal mortgage of the leasehold properties with carrying values totalling S$545,285 as at 31 December 2019 (2018: S$587,859) (Note 22).

16 LEASES

The Group leases an office space from third party for the purpose of back office operations and storage.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet show the following amounts relating to leases:

	2019 S$
Right-of-use asset	
At 1 January	–
Additions	**116,188**
Depreciation	**(32,275)**
At 31 December	**83,913**

	As at 31 December 2019 S$
Right-of-use asset	
Cost	**116,188**
Accumulated depreciation	**(32,275)**
Net book value	**83,913**

	As at 31 December 2019 S$
Analysis of right-of-use assets	
Leasehold property	**83,913**

16 LEASES (CONTINUED)

	As at 1 January 2019 S$	Additions S$	As at 31 December 2019 S$
Lease liabilities			
– Non-current liabilities	–	47,365	47,365
– Current liabilities	–	38,358	38,358
	–	85,723	85,723

(b) Amounts recognised in the consolidated statements of comprehensive income

	2019 S$
Depreciation charge of right-of-use asset	
Leasehold property	32,275
Interest expense included in finance cost	4,488
Expenses relating to short-term leases	25,884

The total cash outflow for leases during the year ended 31 December 2019 was S$60,837.

The Group leases office premise from third parties under non-cancellable operating lease agreement. There was no option for renewal of the above operating lease agreement.

17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2019	2018
	S$	S$
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	**3,242,461**	3,283,464
– Cash and cash equivalents	**10,271,910**	16,472,052
– Fixed deposits	**9,263,692**	–
Total	**22,778,063**	19,755,516
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	**1,220,193**	1,097,076
Total	**1,220,193**	1,097,076

18 DEFERRED INCOME TAX

The analysis of deferred income tax asset/(liability) is as follows:

	As at 31 December	
	2019	2018
	S$	S$
Deferred income tax asset/(liability):		
– Deferred income tax liability to be settled after more than 12 months	**(45,000)**	(49,000)
– Deferred income tax asset to be settled within 12 months	**46,000**	45,000
	1,000	(4,000)

The net movements in the deferred income tax account are as follows:

	2019	2018
	S$	S$
At beginning of the year	**(4,000)**	(13,000)
Credited to consolidated statement of comprehensive income (Note 12)	**5,000**	9,000
At end of the year	**1,000**	(4,000)

18 DEFERRED INCOME TAX (CONTINUED)

The movements in deferred income tax are as follows:

Deferred income asset:

	Provision of warranty S$	Lease Liability S$	Total S$
At 1 January 2018	48,000	–	48,000
(Charged) to consolidated statement of comprehensive income	(3,000)	–	(3,000)
At 31 December 2018	45,000	–	45,000
At 1 January 2019	**45,000**	**–**	**45,000**
(Charged)/credited to consolidated statement of comprehensive income	**(14,000)**	**15,000**	**1,000**
At 31 December 2019	**31,000**	**15,000**	**46,000**

Deferred income liability:

	Accelerated tax depreciation S$	Right-of-use asset S$	Total S$
At 1 January 2018	61,000	–	61,000
(Credited) to consolidated statement of comprehensive income	(12,000)	–	(12,000)
At 31 December 2018	49,000	–	49,000
At 1 January 2019	**49,000**	**–**	**49,000**
(Credited)/charged to consolidated statement of comprehensive income	**(18,000)**	**14,000**	**(4,000)**
At 31 December 2019	**31,000**	**14,000**	**45,000**

19 TRADE AND OTHER RECEIVABLES

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

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

(a) Trade receivables

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

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

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

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

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 recognized at 31 December 2018 and 31 December 2019.

Information about the impairment of trade receivables and the Group's exposure to credit risk can be found in Note 3(b).

20 INVENTORIES

	As at 31 December	
	2019	2018
	S$	S$
Goods on hand		
Raw materials	**34,503**	29,617
Finished goods	**756,440**	1,351,820
	790,943	1,381,437

The cost of inventories included in cost of sales amounted to S$8,000,755 for the year ended 31 December 2019 (2018: S$8,236,777).

The Group has written off inventories included in cost of sales amounted to S$14,861 in the year ended 31 December 2019 (2018: S$21,415).

21 CASH AND BANK BALANCES

	As at 31 December	
	2019	2018
	S$	S$
Cash and cash equivalents		
– Fixed deposits with original maturities within three months	**4,435,134**	9,384,993
– Cash at banks	**5,836,688**	7,087,041
– Cash on hand	**88**	18
	10,271,910	16,472,052
Fixed deposits		
– Fixed deposits with original maturities exceeding three months	**9,263,692**	–
Total	**19,535,602**	16,472,052

The Group's cash and bank balances are denominated in the following currencies:

	As at 31 December	
	2019	2018
	S$	S$
HK$	**1,538,500**	3,760,891
S$	**17,993,073**	12,707,117
US$	**4,029**	4,044
	19,535,602	16,472,052

22 BANKING FACILITIES

The Group's banking facilities are secured by the Group's leasehold properties with carrying values totalling S$545,285 as at 31 December 2019 (2018: S$587,859) (Note 15). As at 31 December 2019, the Group undrawn banking facilities amounted to S$1,400,000 (2018: S$1,400,000).

23 SHARE CAPITAL AND SHARE PREMIUM

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

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

24 TRADE AND OTHER PAYABLES

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

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

24 TRADE AND OTHER PAYABLES (CONTINUED)

(a) Trade payables

Trade payables are non-interest bearing and are normally settled on 30 days' terms.

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

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

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

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

(b) Provision for warranty cost

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

	2019	2018
	S$	S$
At 1 January	**263,885**	281,003
Provisions utilised	**(81,149)**	(102,384)
Provisions charged to the consolidated statement of comprehensive income, net (Note 9)	**1,212**	85,266
At 31 December	**183,948**	263,885

25 NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities

	Lease liabilities S$
At 1 January	**–**
Non-cash changes	
– Additions to lease liabilities	**116,188**
– Finance cost	**4,488**
Cash flows	
– Principal elements of payments	**(30,465)**
– Interest paid	**(4,488)**
At 31 December	**85,723**

26 DIVIDENDS

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

27 COMMITMENTS

Non-cancellable operating lease

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

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

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

27 COMMITMENTS (CONTINUED)

Non-cancellable operating lease (Continued)

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

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

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

28 RELATED PARTY TRANSACTIONS

For the purposes of this consolidated financial statements, 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 years ended 31 December 2018 and 2019:

Name	**Relationship with the Group**
Mr. David Siew	A shareholder and executive director of the Company
Ms. Lee Lai Fong	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 for the year ended 31 December 2019.

(a) Key management compensation

Key management includes executive directors of the Company. The compensation paid or payable to key management for employee services is disclosed Note 10(b).

29 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 December 2019 and 2018:

Company name	Country/ place of incorporation/ establishment	Registered/ issued and paid-up capital	Principal activities/ place of operation	Proportion of ordinary shares directly held by parent	Proportion of ordinary shares indirectly held by the Group
TOMO Enterprises Limited	BVI	1 Ordinary Share totaling US$50,000	Investment holding/Singapore	100%	–
Giant Alliance Investments Holdings Limited	BVI	1 Ordinary Share totaling US$1	Dormant/Singapore	100%	–
Easy Grand International Holdings Limited	BVI	1 Ordinary Share totaling US$1	Dormant/Singapore	100%	–
TOMO-CSE Autotrim Pte Ltd	Singapore	200,000 Ordinary Shares totaling S$200,000	Engaged in the (i) design manufacture, supply and installation of passenger vehicle leather upholstery; and (ii) supply and installation of vehicle electronic accessories/ Singapore	–	100 %

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	As at 31 December 2019 S$	2018 S$
Assets			
Non-current asset			
Investments in subsidiaries		**4,958,631**	4,958,631
		4,958,631	4,958,631
Current assets			
Amounts due from subsidiaries		**97,270**	13,506
Trade and other receivables		**28,379**	45,573
Fixed deposits		**5,255,778**	–
Cash and cash equivalents		**2,451,905**	9,857,570
Total current assets		**7,833,332**	9,916,649
Total assets		**12,791,963**	14,875,280
Equity			
Equity attributable to owners of the Company			
Share capital		**793,357**	793,357
Share premium	(a)	**12,398,264**	12,398,264
Other reserve	(a)	**4,958,627**	4,958,627
Accumulated losses	(a)	**(5,884,188)**	(3,966,000)
Total equity		**12,266,060**	14,184,248
Liability			
Current liabilities			
Other payables		**525,899**	87,576
Amounts due to subsidiaries		**4**	603,456
Total liabilities		**525,903**	691,032
Total equity and liabilities		**12,791,963**	14,875,280

The statement of financial position of the Company was approved for issue by the Board of Directors on 26 March 2020 and were signed on its behalf.

Mr. Siew Yew Khuen
Director

Ms. Lee Lai Fong
Director

30 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (CONTINUED)

(a) Reserve movement of the Company

	Share premium S$	Other reserve S$	Accumulated losses S$	Total S$
At 1 January 2018	12,398,264	4,958,627	(3,604,633)	13,752,258
Loss and total comprehensive loss for the year	–	–	(361,367)	(361,367)
At 31 December 2018	12,398,264	4,958,627	(3,966,000)	13,390,891
At 1 January 2019	12,398,264	4,958,627	(3,966,000)	13,390,891
Loss and total comprehensive loss for the year	–	–	(1,918,188)	(1,918,188)
At 31 December 2019	**12,398,264**	**4,958,627**	**(5,884,188)**	**11,472,703**

Other reserve represents the difference between the nominal value of the shares issued and the net asset value of the subsidiaries of the Company upon the reorganisation in 2017.

31 EVENTS AFTER THE REPORTING PERIOD

After the outbreak of Coronavirus Disease 2019 ("COVID-19 outbreak") in early 2020, a series of precautionary and control measures have been and continued to be implemented in Singapore and Malaysia. The directors of the Company are of the view that if the pandemic continues, due to potential delays in the supply chain for purchase of inventories and potential decrease in sales, the Group's financial results may be adversely impacted. Also, the Group applies fair value model to measure its investment properties. As at 31 December 2019, the fair value of the investment properties amounted to S$3,150,000 (Note 14). In 2020, fair value of the Group's investment properties may be subject to fluctuation due to the COVID-19 outbreak, the impact of which is still under assessment. The Group will continue to communicate with the external valuer to further understand the impact of the COVID-19 outbreak to the valuation of investment properties. Given the dynamic nature of the COVID-19 outbreak, the related impact on our Group's consolidated results of operations, cash flows and financial condition could not be reasonably estimated at this stage. Nonetheless, the Group will pay close attention to the development of the COVID-19 outbreak and perform further assessment of its impact and take relevant measures.

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	For the year ended 31 December				
	2015 S$'000	2016 S$'000	2017 S$'000	2018 S$'000	**2019** **S$'000**
Revenue	11,470	13,082	14,534	17,818	**16,487**
Profit before income tax	3,336	3,645	1,116	5,252	**3,068**
Income tax expense	(524)	(629)	(715)	(1,010)	**(829)**
Profit attributable to the owners of the Company for the year	2,812	3,016	401	4,242	**2,239**
Total comprehensive income attributable to the owners of the Company for the year	2,812	3,016	401	4,242	**2,239**

ASSETS AND LIABILITIES

	As at 31 December				
	2015 S$'000	2016 S$'000	2017 S$'000	2018 S$'000	**2019** **S$'000**
Total assets	8,679	9,940	20,853	25,685	**27,896**
Total liabilities	1,360	1,605	1,925	2,515	**2,487**
Net assets	7,319	8,335	18,928	23,170	**25,409**
Equity attributable to owners of the Company for the year	7,319	8,335	18,928	23,170	**25,409**

TOMO Holdings Limited

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