



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



2021

Annual Report 年報

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Ma Xiaoqiu (*Chairlady*)
(appointed on 21 July 2021)
Mr. Siew Yew Khuen (resigned on 21 July 2021)
Ms. Lee Lai Fong (resigned on 21 July 2021)
Mr. Siew Yew Wai (resigned on 21 July 2021)
Mr. Zha Jianping (resigned on 21 July 2021)

Non-executive Directors

Ms. Liu Xinyi (appointed on 21 July 2021)
Mr. Wong Chun Man (*Vice-Chairman*)
(appointed on 21 July 2021)
Ms. Lyu Qiujia (appointed on 21 July 2021)

Independent non-executive Directors

Mr. Jin Lailin (appointed on 21 July 2021)
Ms. Lee Kit Ying (appointed on 21 July 2021)
Mr. Wang Zhongmin (appointed on 21 July 2021)
Mr. Peng Peng (appointed on 15 October 2021)
Mr. Clarence Tan Kum Wah
(resigned on 21 July 2021)
Mr. Ng Chee Chin (resigned on 21 July 2021)
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)

AUDIT COMMITTEE

Ms. Lee Kit Ying (*Chairlady*)
(appointed on 21 July 2021)
Mr. Jin Lailin (appointed on 21 July 2021)
Mr. Wang Zhongmin (appointed on 21 July 2021)
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)
Mr. Clarence Tan Kum Wah
(resigned on 21 July 2021)
Mr. Ng Chee Chin (resigned on 21 July 2021)

NOMINATION COMMITTEE

Ms. Ma Xiaoqiu (*Chairlady*)
(appointed on 21 July 2021)
Ms. Liu Xinyi
(appointed on 21 July 2021)
Ms. Lee Kit Ying (appointed on 21 July 2021)
Mr. Jin Lailin (appointed on 21 July 2021)
Mr. Wang Zhongmin (appointed on 21 July 2021)
Mr. Peng Peng (appointed on 15 October 2021)
Mr. Clarence Tan Kum Wah
(resigned on 21 July 2021)
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)
Mr. Siew Yew Wai (resigned on 21 July 2021)

REMUNERATION COMMITTEE

Ms. Lee Kit Ying (*Chairlady*)
(appointed on 21 July 2021)
Ms. Ma Xiaoqiu (appointed on 21 July 2021)
Mr. Wong Chun Man (appointed on 21 July 2021)
Mr. Jin Lailin (appointed on 21 July 2021)
Mr. Wang Zhongmin (appointed on 21 July 2021)
Mr. Peng Peng (appointed on 15 October 2021)
Ms. Lee Lai Fong (resigned on 21 July 2021)
Mr. Ng Chee Chin (resigned on 21 July 2021)
Mr. Siew Yew Khuen (resigned on 21 July 2021)

COMPANY SECRETARY

Mr. Leung Ho Chi, *HKICPA, ACCA, HKICS*
(appointed on 21 July 2021)
Mr. Man Yun Wah, *ACG, ACS*
(resigned on 21 July 2021)

AUTHORISED REPRESENTATIVES

Ms. Liu Xinyi (appointed on 21 July 2021)
Mr. Wong Chun Man (appointed on 21 July 2021)
Mr. Siew Yew Khuen (resigned on 21 July 2021)
Mr. Man Yun Wah, *ACG, ACS*
(resigned on 21 July 2021)

AUDITOR

Baker Tilly TFW LLP
Certified Public Accountants
600 North Bridge Road
#05-01 Parkview Square
Singapore 188778

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

CORPORATE INFORMATION

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

Room Nos. 4101-4104
41/F, Sun Hung Kai Centre
30 Harbour Road
Wanchai, Hong Kong

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

LEGAL ADVISER TO HONG KONG LAW

CFN Lawyers in association with
Broad & Bright Room Nos.4101-4104
41/F, Sun Hung Kai Centre
30 Harbour Road
Wan Chai, 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 (the "Board") of directors (the "Directors") of TOMO Holdings Limited (the "Company"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "Group") for the year ended 31 December 2021.

During the year 2021, the economy of Singapore was continuing impacted by the COVID-19 pandemic. The Group continuously experienced challenging business operation condition in its existing business, severely impacted by the pandemic safety management and restrictive measures. To cope with such challenging condition, the Group had started new business in Singapore of trading automotive parts and motor vehicle as well as business consultation service in order to mitigate the challenging business condition. The Group attained a revenue of approximately S\$9,710,000 for the year ended 31 December 2021, an increase of approximately S\$3,525,000 as compared to approximately S\$6,185,000 for the year ended 31 December 2020. Profit attributable to shareholders decreased to approximately S\$118,000 for the year ended 31 December 2021, a decrease of approximately S\$55,000 as compared to approximately S\$173,000 for the year ended 31 December 2020. This is primarily due to i) decrease in the revenue from passenger vehicle leather segment of approximately 32.7%; ii) decrease in the revenue from passenger vehicle electronic accessories segment of approximately 24.8%; iii) lower gross profit margins as a result of sales of products with lower margin; iv) lower finance income during the year ended 31 December 2021 but offset with v) increase in other income.

Economic recovery will be gradual, surrounded by current geopolitical volatility and trade tensions. Both business and consumer sentiment still remain weak. Nonetheless, the Group will endeavour to adopt appropriate business strategies, leveraging its market position as the market leader in Singapore. The Group will continue to provide our customers with innovative products and excellent service.

Looking ahead, it is expected that the worldwide COVID-19 pandemic will soon be over with the significant boost of global vaccination rate and lifting of COVID-19 safe management and restrictive measures in many countries, which are definitely beneficial to the economies of Singapore, particularly increasing sales of newly registered passenger vehicles in Singapore. The Group will remain focused on its existing businesses objectives in Singapore and at the same time explore new business opportunities in order to diversify and expand the Group's business, especially in Hong Kong and Mainland China which is expected to benefit the Company and its shareholders as a whole in the long run.

The Board would like to take this opportunity to express its gratitude to all shareholders, customers, suppliers and business partners of for their continuous support. I would also like to thank the management team and staff for their commitment and dedication during this tough period.

Ms. Ma Xiaoqiu
Chairlady
TOMO Holdings Limited

Hong Kong, 31 March 2022

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is principally engaged in the (i) sales and installation of passenger vehicle leather upholstery and electronic accessories; and (ii) sales of electronic accessories, automotive parts and motor vehicle. The shares of the Company were listed on GEM of The Stock Exchange of Hong Kong Limited on 13 July 2017 (the "Listing Date") and were transferred to be listed on the Main Board of the Stock Exchange on 23 December 2019.

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

According to the numbers released by the Land Transport Authority of Singapore, the total number of newly registered passenger vehicles in Singapore for the year ended 31 December 2021 (the "Current year") had increased by approximately 1,000 units or 2.3% from approximately 44,000 units for the year ended 31 December 2020 (the "Corresponding Year"). Certificate of Entitlement ("COE") bidding exercises in Singapore were suspended on April 2020 when Singapore entered its circuit breaker on 7 April 2020. 19,000 COE Quotas from the suspended bidding exercises will be returned over 24 bidding exercises from July 2020 to June 2021.

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

BUSINESS PROGRESS

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

Upgrade existing facilities, acquire new machinery and premises

- The Group had acquired the heavy duty shelving for PV electronic accessories and leather upholstery.
- The Group had acquired new premises for showroom and workshop in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant expiring in October 2022. We have setup the product display booths within our customers' workshops and service centres. With the current market situation, we are in opinion to defer the renovation of the newly purchased properties as showroom and workshop.
- The Group had appointed a Consultant for the renovation of existing showroom. The Group had upgraded the existing PV leather upholstery work bay.
- The Group had acquired new premise for warehouse in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant expiring in October 2022. With the current market situation, we are in opinion to defer the renovation of the newly purchased property as warehouse. We will renovate the existing warehouse by end of 2022.
- The Group had implemented the logistics management.

MANAGEMENT DISCUSSION AND ANALYSIS

Strengthen our sales and marketing efforts

- The Group is actively engaging with Consultant to enhance and improve awareness of our brand.
- The Group is actively engaging with existing and potential customers to promote the products and services and building up a long-term relationship.
- The Group is actively engaging with Consultant to enhance and improve awareness of our brand and showcase our products.
- The Group is actively engaging with Consultant to enhance and improve our website content and product brochures to our customers.
- The e-commerce platform is launched in October 2020.

Upgrade and integrate of our information technology system

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

PROSPECTS

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

However, our business is resilient. We have weathered storms before, and we will weather them again. We are confident that with the appropriate measures, we will come out of this difficult time even stronger, finding opportunities for us to sow the seeds for future success.

The Directors and management of the Company will remain focused in our business objectives. We will continue to provide our customers with innovative products and excellent service. We are confident of making good progress with our marketing strategy and will strive to deliver better operating performance.

FINANCIAL REVIEW

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

MANAGEMENT DISCUSSION AND ANALYSIS

Revenue

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

Gross profit

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

Other income

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

Other gains/(losses) – net

Other gains – net increased by approximately S\$186,000 from approximately S\$167,000 of net losses for the Corresponding Year to approximately S\$19,000 of net gains for the Current Year. Other gains mainly represent foreign exchange gains resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies and one-off fair value loss on investment properties in 2020.

Selling and distribution expenses

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

Administrative expenses

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

Profit for the year

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

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

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group comprises ordinary shares only.

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

The Group's operations were financed principally by revenues generated from business operations and available cash and bank balances. The Group did not have any debt as at 31 December 2021 (2020: NIL). There was no borrowing cost incurred during the Current Year (2020: NIL), hence no gearing ratio of the Group was presented.

USE OF PROCEEDS

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

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

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

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

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

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

EMPLOYEE INFORMATION

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

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

Total staff costs, including directors' emolument, amounted to approximately S\$2,643,000 for the year ended 31 December 2021 (2020: S\$2,475,000).

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 2021, leasehold properties with carrying values totalling S\$460,137 (2020: S\$502,711) were pledged to secure the Group's banking facilities.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore dollars. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S\$") and recognised assets and liabilities denominated in currencies other than S\$. The foreign currencies giving rise to this risk are primarily the Hong Kong Dollar ("HK\$"), the United States Dollar ("US\$") and Malaysia Ringgit ("MYR"). As at 31 December 2021, if the foreign currencies had weakened or strengthened by 10% against the S\$ with all other variables held constant, post-tax profit for the Current Year would have been S\$34,000 (2020: S\$70,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances (2020: foreign exchange losses/gains on translation of HK\$ denominated cash and bank balances).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

During the Current Year, there was no significant investment held by the Group.

CONTINGENT LIABILITIES

No material contingent liability had come to the attention of the Directors in the Current Year.

DIVIDEND

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

EVENT AFTER THE REPORTING PERIOD

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

DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTOR

Ms. Ma Xiaoqiu (馬小秋女士) (“Ms. Ma”), aged 61, is the executive director of the Company. Ms. Ma was appointed as the Chairlady and the executive director on 21 July 2021. She is a senior investor with over 20 years of experience in cultural tourism, technology and healthcare. She has served as the chairlady and a non-executive director of China Investment Fund Company Limited (formerly known as China Ding Yi Feng Holdings Limited) (stock code: 612) since 27 June 2017. She has served as the chairlady and a non-executive director of Fullwealth International Group Holdings Limited (formerly known as Fullwealth Construction Holdings Company Limited) (stock code: 1034) since 14 January 2021. Shares of both companies are listed on the Main Board of the Stock Exchange. Ms. Ma is the mother of Ms. Liu, a non-executive Director of the Company.

NON-EXECUTIVE DIRECTORS

Ms. Liu Xinyi (劉心藝女士) (“Ms. Liu”), aged 33, is the non-executive director of the Company. Ms. Liu was appointed as the non-executive director on 21 July 2021. Ms. Liu started her career as an artist in the performance arts and culture industry. Ms. Liu also has experience in senior corporate management roles and has been a marketing director of Shenzhen Yihewenhuanbo Company Limited* (深圳市一合文化傳播有限公司) since 2017 and has been responsible for the management and assessment of investment projects in the areas of (i) marketing, events and exhibition for real estate projects; and (ii) real estate development in Shenzhen and Hainan. Ms. Liu has been an executive director and chief executive officer of Fullwealth International Group Holdings Limited (formerly known as Fullwealth Construction Holdings Company Limited) (a company listed on the Main Board of the Stock Exchange, stock code: 1034) since 14 January 2021, and is a substantial shareholder of the company. She is currently the founder and controlling shareholder of Hainan Xuannv Network Technology Company Limited* (海南玄女網絡科技有限公司) and has been involved in several investment projects including movie making and real estate investments. Ms. Liu is the daughter of Ms. Ma, the chairlady and an executive director of the Company.

Mr. Wong Chun Man (王俊文先生) (“Mr. Wong”), aged 46, is the non-executive director of the Company. Mr. Wong was appointed as the non-executive director on 21 July 2021. He has been an executive director of Fullwealth International Group Holdings Limited (formerly known as Fullwealth Construction Holdings Company Limited) (stock code: 1034) since 14 January 2021. He has been an independent non-executive director of Zhaobangji Properties Holdings Limited (formerly known as Sanroc International Holdings Limited) (stock code: 1660) since 11 April 2018 and a non-executive director of Vico International Holdings Limited (stock code: 1621) since 1 April 2019. Shares of the above companies are listed on the Main Board of the Stock Exchange.

Ms. Lyu Qiuqia (呂秋佳女士) (“Ms. Lyu”), aged 36, is the non-executive director of the Company. Ms. Lyu was appointed as the non-executive director on 21 July 2021. She obtained a bachelor’s degree in Chinese Philology from Heilongjiang Suihua College in September 2009. Ms. Lyu has over 12 years of rich experience in newspaper and magazine editing and commercial brand management.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kit Ying (李潔瑩女士) (“**Ms. Lee**”), aged 39, is the independent non-executive director of the Company. Ms. Lee was appointed as the independent non-executive director on 21 July 2021. She obtained a bachelor’s degree in business administration from City University of Hong Kong in 2004. Ms. Lee is currently a fellow member of the Hong Kong Institute of Certified Public Accountants. She has over 17 years of experience in auditing, accounting and finance. She is currently the accounting manager of Yabo Group, mainly providing services to private equity clients.

Mr. Jin Lailin (金來林先生) (“**Mr. Jin**”), aged 56, is the independent non-executive director of the Company. Mr. Jin was appointed as the independent non-executive director on 21 July 2021. He has rich experience in corporate management and corporate public relations management. He serves as a senior management member, director in the group president’s office and director of public relations in different film and television companies, tourism industry development companies and hotels in China.

Mr. Wang Zhongmin (王眾民先生) (“**Mr. Wang**”), aged 43, is the independent non-executive director of the Company. Mr. Wang was appointed as the independent non-executive director on 21 July 2021. He holds a bachelor’s degree in accounting from Sichuan University. He has profound experience in market research and business planning throughout the years, and serves as a researcher and marketing director in different tourism industry development companies and tourism culture media groups in China.

Mr. Peng Peng (彭鵬先生) (“**Mr. Peng**”), aged 55, is the independent non-executive director of the Company. Mr. Peng was appointed as the independent non-executive director on 15 October 2021. He obtained a doctor’s degree in History from Sun Yat-sen University in June 1994. He has been a founder of the Institute for Maritime Silk Road Studies at Shenzhen University* (深圳大學海洋海上絲綢之路研究所) since 2008, a professor in the People’s College at Shenzhen University since 2010 and the Executive Dean of Shenzhen Liu Yuyi Art Institute* (深圳劉宇一藝術院) since 2019. He also served as the cultural director of Guangzhou Puwen Science Education Culture Co., Ltd* (廣州普文科教文化有限公司) from 1998 to 2010. Mr. Peng has over 20 years of extensive experience in cultural and artistic studies. He is currently a founder of Shenzhen Maker Association* (深圳創客協會), with the aim to promote life science and high-tech related work. Mr. Peng has been an independent non-executive Director of Fullwealth International Group Holdings Limited, a company listed on the Main Board of The Stock Exchange of Hong Kong Limited (stock code: 1034), since 14 January 2021.

COMPANY SECRETARY

Mr. Leung Ho Chi (梁浩志先生) (“**Mr. Leung**”), aged 47, has been appointed as the company secretary, with effect from 21 July 2021. Mr. Leung obtained a bachelor’s degree in business administration from The Chinese University of Hong Kong in 1996 and a master’s degree in corporate governance from The Hong Kong Polytechnic University in 2011. He is currently a fellow member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants and a member of The Hong Kong Institute of Chartered Secretaries. He has over 21 years of experience in auditing, accounting and finance. Mr. Leung has been an independent non-executive director of Vico International Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 1621) since 1 April 2019 and Fullwealth International Group Holdings Limited (formerly known as Fullwealth Construction Holdings Company Limited) (stock code: 1034) from 14 January 2021 to 1 July 2021. He once served as the financial controller of each of Chiron Healthcare Group Limited and UMP Healthcare Holdings Limited (a company listed on the Main Board of the Stock Exchange, stock code: 722). He also served as the financial controller of the Hong Kong subsidiaries of several international advertising and public relations companies listed on the New York Stock Exchange and the London Stock Exchange.

* For identification purpose only

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 2021, 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 2021.

BOARD OF DIRECTORS

Board Composition

The composition of the Board for the year ended 31 December 2021 and up to the date of this report were:

Executive Directors:

Ms. Ma Xiaoqiu (*Chairlady*) (appointed on 21 July 2021)
Mr. Stew Yew Khuen (resigned on 21 July 2021)
Ms. Lee Lai Fong (resigned on 21 July 2021)
Mr. Stew Yew Wai (resigned on 21 July 2021)
Mr. Zha Jianping (resigned on 21 July 2021)

Non-Executive Directors:

Ms. Liu Xinyi (appointed on 21 July 2021)
Mr. Wong Chun Man (appointed on 21 July 2021)
Ms. Lyu Qiujia (appointed on 21 July 2021)

Independent non-executive Directors:

Mr. Jin Lailin (appointed on 21 July 2021)
Ms. Lee Kit Ying (appointed on 21 July 2021)
Mr. Wang Zhongmin (appointed on 21 July 2021)
Mr. Peng Peng (appointed on 15 October 2021)
Mr. Clarence Tan Kum Wah (resigned on 21 July 2021)
Mr. Ng Chee Chin (resigned on 21 July 2021)
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)

CORPORATE GOVERNANCE REPORT

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.

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

Each executive Director has entered into a service contract with the Company for an initial term of three (3) years commencing from their respective date of appointment 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 non-executive Director has entered into a service contract with the Company for an initial term of one (1) year commencing from their respective date of appointment 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 service contract with the Company for an initial term of one (1) 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 so 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.

CORPORATE GOVERNANCE REPORT

Directors' Attendance Records

During the year ended 31 December 2021, 4 regular Board meetings were held for, among other things, reviewing and approving the financial and operating performance, and reviewing and approving the interim and annual results of the Group.

The attendance records of each Director at the Board meetings for the year ended 31 December 2021 are set out below:

Name of Director	Attendance/ Number of Board meetings held
Executive Directors	
Ms. Ma Xiaoqiu (appointed on 21 July 2021)	2/2
Mr. Siew Yew Khuen (resigned on 21 July 2021)	2/2
Ms. Lee Lai Fong (resigned on 21 July 2021)	2/2
Mr. Siew Yew Wai (resigned on 21 July 2021)	2/2
Mr. Zha Jianping (resigned on 21 July 2021)	2/2
Non-executive Directors	
Ms. Liu Xinyi (appointed on 21 July 2021)	2/2
Mr. Wong Chung Man (appointed on 21 July 2021)	2/2
Ms. Lyu Qiujia (appointed on 21 July 2021)	2/2
Independent non-executive Directors	
Ms. Lee Kit Ying (appointed on 21 July 2021)	2/2
Mr. Jin Lailin (appointed on 21 July 2021)	2/2
Mr. Wang Zhongmin (appointed on 21 July 2021)	2/2
Mr. Peng Peng (appointed on 15 October 2021)	1/1
Mr. Clarence Tan Kum Wah (resigned on 21 July 2021)	2/2
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)	2/2
Mr. Ng Chee Chin (resigned on 21 July 2021)	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 2021.

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 REPORT

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 the 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 own written terms of reference and is provided sufficient resources and empowered to function within its own terms of reference. The terms of reference of the Audit Committee, the Remuneration Committee and the Nomination Committee can be found on the websites of the Stock Exchange and the Company respectively.

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 Ms. Lee Kit Ying, Mr. Jin Lailin and Mr Wang Zhongmin. Ms. Lee Kit Ying has been appointed to serve as the chairlady 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 3 meetings during the year ended 31 December 2021 for the purposes of, among other things, considering and approving the annual financial results for the year ended 31 December 2020, the interim financial results for the six months ended 30 June 2021 and discussion of audit plan for the year ended 31 December 2021 respectively. The details of attendance are set out below:

Audit Committee Members	Attendance/ Number of meetings held
Ms. Lee Kit Ying (appointed on 21 July 2021)	2/2
Mr. Jin Lailin (appointed on 21 July 2021)	2/2
Mr. Wang Zhongmin (appointed on 21 July 2021)	2/2
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)	1/1
Mr. Clarence Tan Kum Wah (resigned on 21 July 2021)	1/1
Mr. Ng Chee Chin (resigned on 21 July 2021)	1/1

CORPORATE GOVERNANCE REPORT

Nomination Committee

The Company has established the Nomination Committee on 23 June 2017. The Nomination Committee comprises one executive Director, one non-executive Director, and four independent non-executive Directors, namely Ms. Ma Xiaoqiu, Ms. Liu Xinyi, Ms. Lee Kit Ying, Mr. Jin Lailin, Mr. Wang Zhongmin and Mr. Peng Peng. Ms. Ma Xiaoqiu has been appointed as the chairlady 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 2021 for the purposes of, among others, reviewing the composition of the Board, considering any changes in the Directors and senior management of the Company and the making recommendations to the Board for approval. The details of attendance are set out below:

Nomination Committee Members	Attendance/ Number of meetings held
Ms. Ma Xiaoqiu (appointed on 21 July 2021)	0/0
Ms. Liu Xinyi (appointed on 21 July 2021)	0/0
Ms. Lee Kit Ying (appointed on 21 July 2021)	0/0
Mr. Jin Lailin (appointed on 21 July 2021)	0/0
Mr. Wang Zhongmin (appointed on 21 July 2021)	0/0
Mr. Peng Peng (appointed on 15 October 2021)	0/0
Mr. Clarence Tan Kum Wah (resigned on 21 July 2021)	1/1
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)	1/1
Mr. Siew Yew Wai (resigned on 21 July 2021)	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 one executive Director, one non-executive Director, and four independent non-executive Directors, namely Ms. Ma Xiaoqiu, Mr. Wong Chun Man, Ms. Lee Kit Ying, Mr. Jin Lailin, Mr. Wang Zhongmin and Mr. Peng Peng. Ms. Lee Kit Ying has been appointed as the chairlady 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.

CORPORATE GOVERNANCE REPORT

The Remuneration Committee held 1 meeting during the year ended 31 December 2021 for the purposes of, among others, considering the remuneration package and benefits of the executive Directors and making recommendations to the Board for approval. The details of attendance are set out below:

Remuneration Committee Members	Attendance/ Number of meetings held
Ms. Ma Xiaoqiu (appointed on 21 July 2021)	0/0
Mr. Wong Chun Man (appointed on 21 July 2021)	0/0
Ms. Lee Kit Ying (appointed on 21 July 2021)	0/0
Mr. Jin Lailin (appointed on 21 July 2021)	0/0
Mr. Wang Zhongmin (appointed on 21 July 2021)	0/0
Mr. Peng Peng (appointed on 15 October 2021)	0/0
Mr. Ng Chee Chin (resigned on 21 July 2021)	1/1
Mr. Siew Yew Khuen (resigned on 21 July 2021)	1/1
Ms. Lee Lai Fong (resigned on 21 July 2021)	1/1

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, Baker Tilly TFW LLP ("Baker Tilly") 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.

CORPORATE GOVERNANCE REPORT

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).

Company Secretary

Mr. Leung Ho Chi ("Mr. Leung") has been the company secretary of the Company since 21 July 2021. Mr. Leung has confirmed that he has taken not less than 15 hours of relevant professional training during the year ended 31 December 2021 and 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. Mr. Man Yun Wah, who was appointed on 1 February 2017, had resigned from his role as the company secretary of the Company and succeeded by Mr. Leung on 21 July 2021.

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, Baker Tilly, for audit services and non-audit service amounted to approximately S\$80,000 and S\$Nil, respectively for the Current Year.

There was no non-audit service provided by Baker Tilly to the Company during the Current Year.

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 and interim 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.

CORPORATE GOVERNANCE REPORT

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 Room 4101-4104, 41/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong for the attention to the company secretary, or contact the Hong Kong Branch Share Registrar and Transfer Office 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 Current Year.

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 2021 (the "Current 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 for the Current Year.

SEGMENT INFORMATION

An analysis of the Group's performance for the Current Year by operating segment is set out in Note 5 to the consolidated financial statements for the Current Year.

BUSINESS REVIEW

The business review of the Group for the Current Year together the future business development is set out in the section headed "Management Discussion and Analysis" on pages 5 to 10 of this annual report. This discussion forms part of the report of directors.

RESULTS AND APPROPRIATIONS

The results of the group for the Current Year are set out in the consolidated statement of comprehensive income on page 56 of this annual report.

The Directors do not recommend the payment of a final dividend to the shareholders of the Company for the Current Year (2020: N/A).

DONATIONS

During the Current Year, charitable and other donations made by the Group amounted to S\$Nil (2020: S\$150).

PROPERTY, PLANT AND EQUIPMENT

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

SHARES CAPITAL

Details of movements in the Company's share capital during the Current Year are set out in Note 25 to the consolidated financial statements for the Current Year.

DIRECTORS' REPORT

DISTRIBUTABLE RESERVES

As at 31 December 2021, 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\$6,285,000 (2020: S\$6,266,000).

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 Current Year 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.

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 of this annual report. This summary does not form part of the consolidated financial statements for the Current Year.

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 transferred to be 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.

DIRECTORS' REPORT

(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 Current Year and up to the date of this report were:

Executive Directors

Ms. Ma Xiaoqiu (*Chairlady*) (appointed on 21 July 2021)

Mr. Siew Yew Khuen (resigned on 21 July 2021)

Ms. Lee Lai Fong (resigned on 21 July 2021)

Mr. Siew Yew Wai (resigned on 21 July 2021)

Mr. Zha Jianping (resigned on 21 July 2021)

Non-executive Directors

Ms. Liu Xinyi (appointed on 21 July 2021)

Mr. Wong Chun Man (*Vice-Chairman*) (appointed on 21 July 2021)

Ms. Lyu Qiuqia (appointed on 21 July 2021)

Independent non-executive Directors

Mr. Jin Lailin (appointed on 21 July 2021)
Ms. Lee Kit Ying (appointed on 21 July 2021)
Mr. Wang Zhongmin (appointed on 21 July 2021)
Mr. Peng Peng (appointed on 15 October 2021)
Mr. Clarence Tan Kum Wah (resigned on 21 July 2021)
Mr. Ng Chee Chin (resigned on 21 July 2021)
Mr. Gary Chan Ka Leung (resigned on 3 June 2021)

Pursuant to the Articles of Association, Ms. Ma Xiaoqiu, Ms. Lu Xinyi, Ms. Lyu Qiujia, Mr. Wong Chun Man, Ms. Lee Kit Ying, Mr. Jin Lailin, Mr. Wang Zhongmin and Mr Peng Peng will retire and, being eligible, offer themselves for re-election at the forthcoming annual general meeting of the Company (the "Annual General Meeting").

DIRECTORS' SERVICE CONTRACTS

Each executive Director has entered into a service contract with the Company for an initial term of three (3) years commencing from their respective date of appointment 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 non-executive Director has entered into a service contract with the Company for an initial term of one (1) year commencing from their respective date of appointment 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 service contract with the Company for an initial term of one (1) 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.

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 the Remuneration Committee, 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 for the Current Year.

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 Current Year or at any time during the Current Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as the related party transactions disclosed in Note 32 to the consolidated financial statements for the Current Year, 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 Current Year.

DIRECTORS' REPORT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Brief biographical details of directors and senior management are set out on pages 11 to 12 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 <i>(Note 1)</i>	Approximately percentage of shareholding of the Company
Ms. Ma Xiaoqiu	Interest in controlled corporation <i>(Note 2)</i>	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 Billion Legend Company Limited ("Billion Legend") is legally and beneficially owned as to 100% by Ms. Ma Xiaoqiu. Accordingly, Ms. Xiaoqiu is deemed to be interested in 230,000,000 Shares held by Billion Legend by virtue of the SFO.

At no time during the Current Year 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.

DIRECTORS' REPORT

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 <i>(Note 1)</i>	Approximately percentage of shareholding of the Company
Ms. Ma Xiaoqiu	Interest in controlled corporation <i>(Note 2)</i>	230,000,000 (L)	51.11%
Billion Legend	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 Billion Legend Limited ("Billion Legend") is legally and beneficially owned as to 100% by Ms. Ma Xiaoqiu. Accordingly, Ms. Ma Xiaoqiu is deemed to be interested in 230,000,000 Shares held by Billion Legend by virtue of 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 Current Year.

MAJOR CUSTOMERS AND SUPPLIERS

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

Purchases

- the largest supplier 41.2%
- five largest suppliers in aggregate 90.1%

Sales

- the largest customer 40.4%
- five largest customers in aggregate 95.2%

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 Current Year.

DIRECTORS' REPORT

CONNECTED TRANSACTIONS

During the Current Year, 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

As at 31 December 2021, 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 2021 and up to the 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 Current 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.

COMPETING BUSINESS

During the Current 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

There was no significant event occurred after the reporting period.

CORPORATE GOVERNANCE REPORT

Details of the Group's corporate governance practices can be found in the Corporate Governance Report contained on pages 13 to 20 of this annual report.

LOANS AND BORROWINGS

The Group did not have bank loans or other borrowings as at 31 December 2021.

PERMITTED INDEMNITY PROVISIONS

At no time during the Current 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 Wednesday, 18 May 2022. 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.

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 Friday, 6 May 2022 to Wednesday, 11 May 2022, 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 Thursday, 5 May 2022.

AUDITOR

The consolidated financial statements have been audited by Baker Tilly who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Baker Tilly as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

On behalf of the Board

Ma Xiaoqiu

Chairlady

Hong Kong, 31 March 2022

ENVIRONMENTAL, SOCIAL AND 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 the Growth Enterprise Market (GEM) Board of the Stock Exchange of Hong Kong (HKEx) in July 2017. Subsequently, TOMO was transferred to the Main Board of HKEx in December 2019.

1.2. Message from Board

On behalf of the Board of Directors of TOMO, I am pleased to present the Environmental, Social and Governance Report for the financial year ended 31 December 2021 (FY2021).

TOMO is committed to be the leading provider of integrated electronic accessory and upholstery products and services to the automotive industry in Singapore. We bring this commitment to life by embedding the responsible business practices in every aspect of our business. We focus on building trust with our business shareholders, customers, business partners, employees and all stakeholders with continuous communication to ensure their concerns are addressed and resolved.

In the FY2021 Environmental, Social and Governance (ESG) Report, we report on TOMO's performance on various materials topic that concern most by our business stakeholder, including products quality and safety, supply chain management, equal opportunities, diversity and anti-discrimination, Covid-19 prevention in workplace and preventing bribery and corruption.

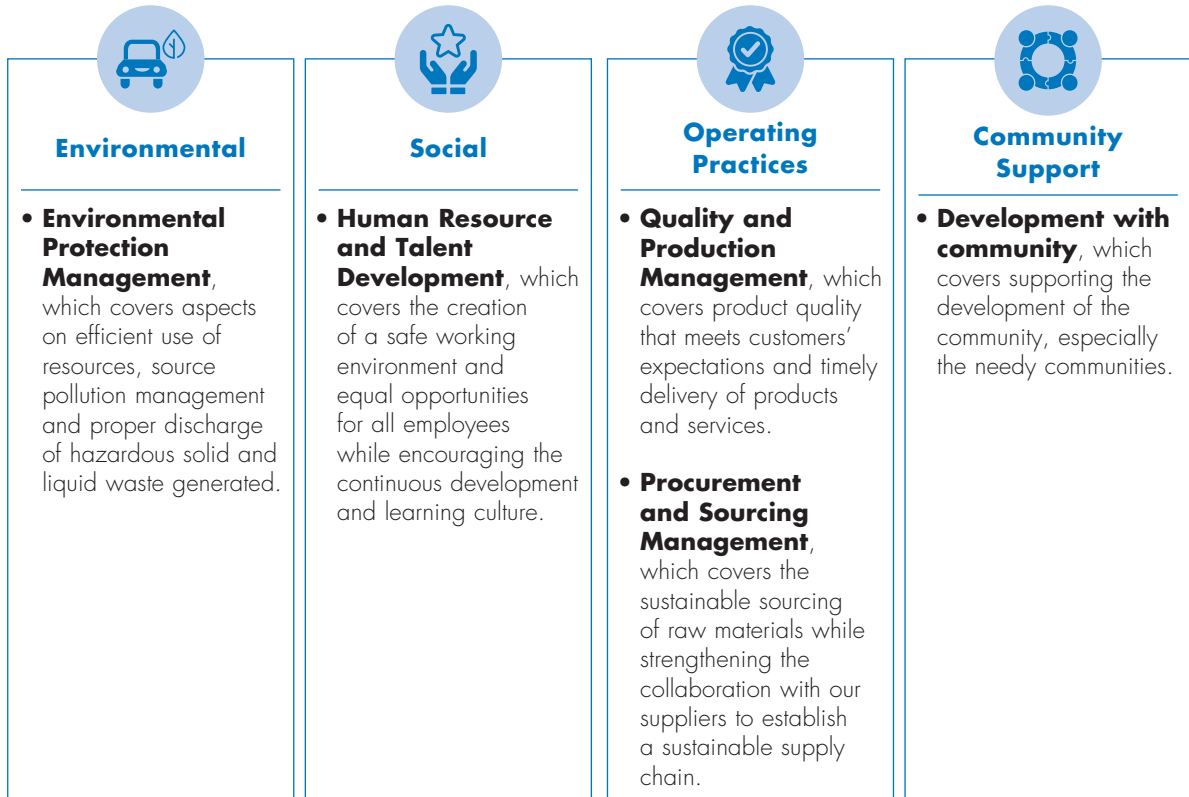
During the year, TOMO continue to explore opportunities to improve the performance on these materials topics. Several key initiatives have been implemented that enable TOMO to create long term value in a sustainable manner for all stakeholders. TOMO will continue to improve the performance on these materials topics in the coming years.

Lastly, we wish to confirm that the Board of Directors has considered sustainability issues as part of the strategy formulation, determined the materials ESG factors and overseen the management and monitoring of the materials ESG factors.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

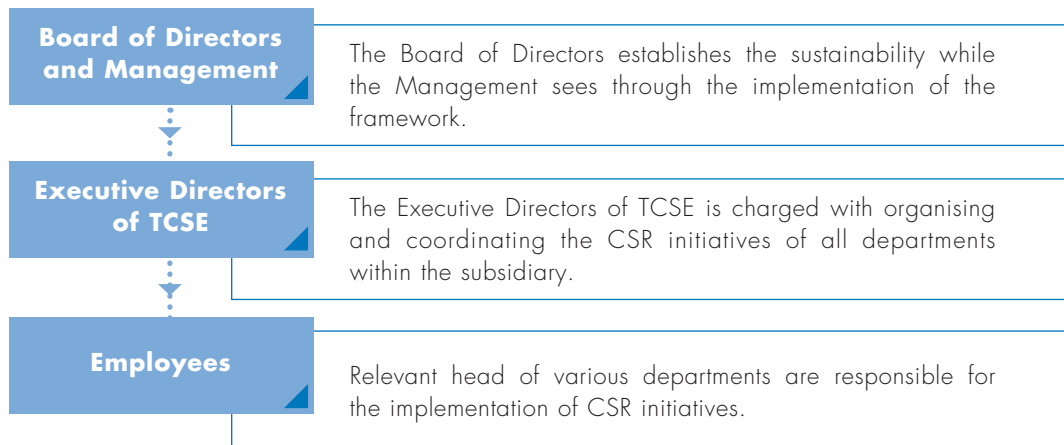
1.3. Our Approach to Sustainability

Our sustainability strategy aims to create integrated values. Together with the disciplined execution of our strategy and a commitment to doing business responsibly, we aim to deliver value to all our stakeholders through environmental, social, operating practices and community support.



1.4. ESG Governance Structure

Sustainability is a vital part of our corporate strategy for achieving long-term growth. The values we create for our people, the environment and society at large very much influence our financial performance. In order to better accommodate our sustainability goals and values, we have developed a sustainability organisational structure to move things forward.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.5. Reporting Boundaries

The ESG report has been prepared in compliance with the ESG Reporting Guide set out in Appendix 27 of the Main Board Listing Rules of the Stock Exchange of Hong Kong Limited (“HKEX”). The scope of the report covers the Group’s core business in TOMO-CSE Autotrim Pte Ltd (TOMO-CSE) operating in Singapore. The boundary of this report encompasses our core business in the passenger vehicle (PV) leather upholstery and electronic accessories businesses in Singapore. The reporting period is the fiscal year ending 31 December 2021.

1.6. Reporting Principles

To provide a balanced representation of our ESG performance, we are in constant communication with our stakeholders to identify their key expectations and feedback. These expectations and feedbacks are key for us to identify the material ESG topics. A systematic materiality assessment process is adopted to assess the materiality of the identified materials ESG topics by assigning the EGS topics with levels of impact to the business as well as the stakeholders.

1.6.1. Stakeholders Engagement

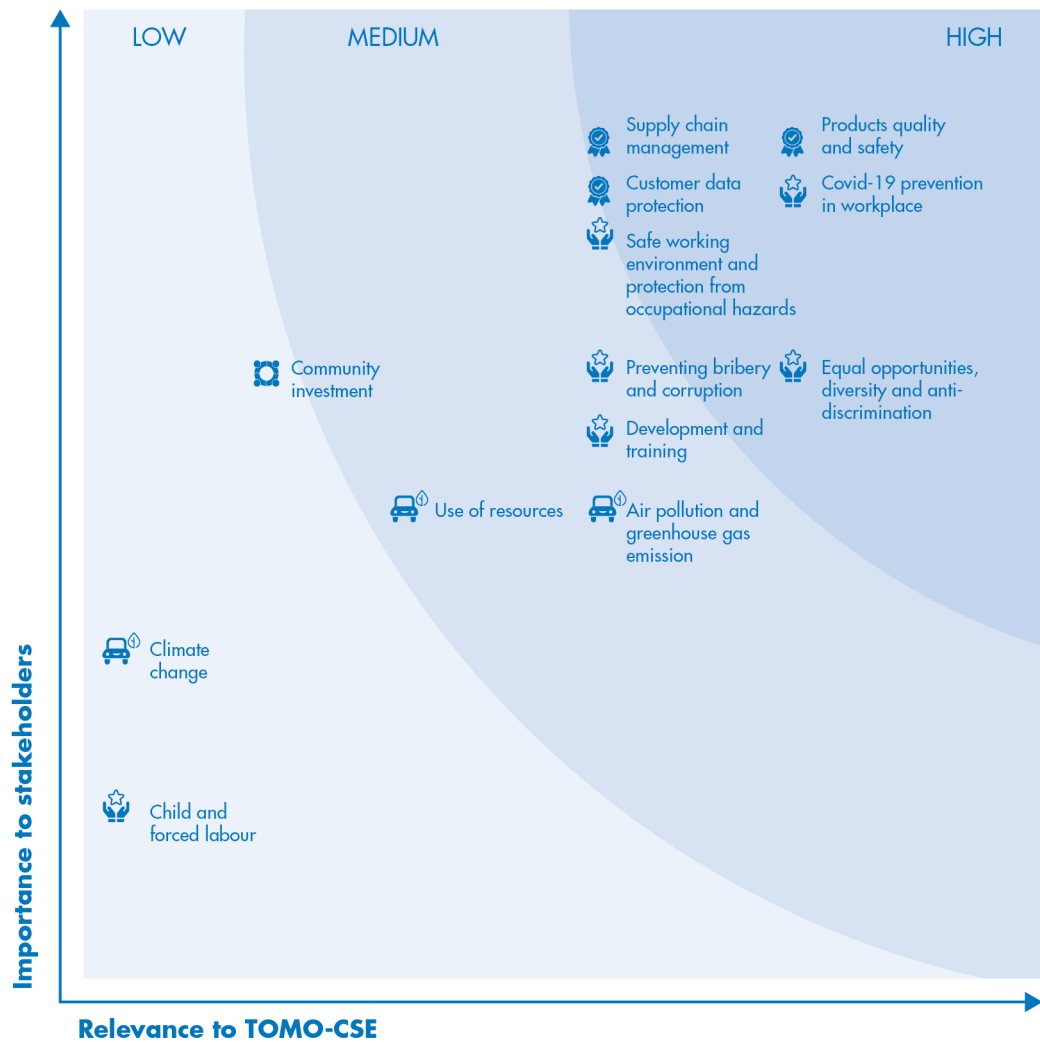
We listen to our stakeholders and engage with them on an ongoing and ad hoc basis. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholder	How we engage	Frequency	Key Feedbacks/Issues
Employees	Performance appraisal	Annual	<ul style="list-style-type: none"> Employee safety and health Training and development opportunities Remunerations and welfares Fair and competitive Employment practices
	Employee training and development	Ad-hoc	
	Feedback to supervisor	Ad-hoc	
	Site meeting and discussion	Bi-monthly	
Customers	Quality management system	Perpetual	<ul style="list-style-type: none"> High quality and reliability of our products Timely response to customer complaints Data privacy and confidentiality
	Project progress monitoring	Monthly	
	Customer feedback channels	Ad-hoc	
Suppliers	Supplier meetings	Ad-hoc	<ul style="list-style-type: none"> Fair and robust procurement system Prompt payment cycles Feedback on product quality
	Informal communication	Ad-hoc	
Investor	Annual/Extraordinary general meeting	Annual	<ul style="list-style-type: none"> Return on investment Business growth Compliance with listing requirements Timely and transparent reporting
	Financial result announcements	Bi-annual	
	HKEX announcements	Ad-hoc	
	Annual report	Annual	
Government/ Regulatory Authorities	Meetings, briefings and regular reporting	Ad-hoc	<ul style="list-style-type: none"> Compliance with laws and regulations Safe working environment Environmentally sustainable business practices
	Correspondences through emails and letters	Ad-hoc	
The Community	Donations to the local communities	Annual	<ul style="list-style-type: none"> Contribution to the local community Sustainable use of resources Reduction of air and waste pollutions
	ESG reporting	Annual	

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1.6.2. Materiality Assessment

With the engagement with our stakeholders via various means stated in 3.3.1 above, we gathered feedbacks from different groups of our stakeholders regarding ESG topics. These issues were then prioritised in order of their importance to stakeholders as well as its impact on the business. Based on the management discussions and stakeholder engagement exercise, 13 key topics that are significantly important to TOMO-CSE have been selected. The following shows the summary of the results:



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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. ENVIRONMENTAL

TOMO-CSE 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 TOMO-CSE and our community.

2.1. Aspect A1: Emissions

Emissions for the TOMO-CSE include Greenhouse Gas (GHG) (Scope 1) emissions from the use of diesel for the fleet vehicles, GHG (Scope 2) emissions from the use of purchased electricity in the TOMO-CSE's office and workshops, and municipal wastewater and solid waste generated by the office and workshop staffs. No hazardous waste was generated by the TOMO-CSE in FY2021.

In FY2021, the total GHG emissions of the TOMO-CSE was 61.6 tonnes of carbon dioxide emission (tCO₂e) (with an intensity of 80.4 kgCO₂e per square metre (m²) of factory floor area).

Key performance indicators

Ref	Description	2020	2021	Change	2022 (Target)	Change	Units
A1.2	GHG emissions (Scope 1)	27.1	28.2	⬆️ 4%	27.3	⬆️ 3%	tCO ₂ e
A1.2	GHG emissions (Scope 2)	32.8	33.3	⬆️ 1.5%	32.3	⬆️ 3%	tCO ₂ e
A1.2	GHG emissions (Total)	59.9	61.6	⬆️ 2.8%	59.8	⬆️ 3%	tCO ₂ e
A1.2	GHG emissions intensity	78.2	80.4		78.0		kgCO ₂ e/m ²

In FY2021, the TOMO-CSE's total GHG emissions increased by 2.8%, primarily due to the 4% increase in GHG (Scope 1) emissions and the 1.5% increase in GHG (Scope 2) emissions.

The slight increase in GHG (Scope 1) emissions and GHG (Scope 2) compared to FY2020 was mainly due to the continuous operation in FY2021. In FY2020, less diesel fuel usage was due to the Circuit Breaker¹ imposed by the Singapore Government to control the spread of COVID-19 during April and May 2020 which the operations including the production of leather upholstery works and installation of leather upholstery and electronic accessories were temporarily suspended.

Legal compliance

TOMO-CSE has complied with all relevant environmental laws in Singapore, where the TOMO-CSE operates. In FY2021, the TOMO-CSE has 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.

¹ The 2020 Singapore circuit breaker measures was a stay-at-home order and cordon sanitaire implemented as a preventive measure by the Government of Singapore in response to the COVID-19 pandemic in the country from 7 April 2020 to 1 June 2020. During this period, all non-essential workplaces were closed to control the spread of COVID-19, with only essential workplaces remaining open.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Air and GHG emissions

Air and GHG emissions for TOMO-CSE arises from the use of electricity and diesel in the TOMO-CSE's office and workshops. The major contributor of the GHG emission is the diesel fuel usage by TOMO-CSE's fleet vehicles used in operation (e.g., delivery of inventories and performing installation of products in customers' sites). To achieve the targets for FY2022, the TOMO-CSE implemented the following practices on TOMO-CSE's fleet vehicles:

- Periodical maintenance on the TOMO-CSE's fleets to ensure optimal condition of engine and diesel usage.
- Improvement of trip planning to reduce unnecessary trips between workshops.
- Replacing fleet vehicles with better diesel fuel consumption.

Non-hazardous wastewater

Wastewater generated in TOMO-CSE arises from domestic wastewater only. TOMO-CSE 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 TOMO-CSE 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. TOMO-CSE has set up internal policies, further described in 'A.2. Use of Resources', to reduce paper use and thus non-hazardous solid waste emissions.

2.2. Aspect A2: Use of Resources

TOMO-CSE 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	2020	2021	Change	2022 (Target)	Change	Units
A2.1	Fuel consumption (Scope 1)	101,183	105,369	⬆️ 4.1%	102,208	⬆️ 3%	kWh
A2.1	Fuel consumption intensity	132.1	137.6		133.5		kWh/m ²
A2.1	Electricity consumption (Scope 2)	52,711	53,596	⬆️ 1.7%	51,988	⬆️ 3%	kWh
A2.1	Electricity consumption Intensity	68.8	69.97		67.87		kWh/m ²
A2.1	Energy Consumption (Scopes 1&2)	153,894	158,965	⬆️ 3.3%	154,196	⬆️ 3%	kWh
A2.1	Energy consumption intensity	200.9	207.5		201.3		kWh/m ²
A2.2	Water consumption	344	275	⬆️ 20%	266.75	⬆️ 3%	m ³
A2.2	Water consumption intensity	0.5	0.36		0.35		m ³ /m ²

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In FY2021, we see increase in consumptions of fuel and electricity of 4.1% and 1.7% respectively, resulting in an overall increase in energy consumption of 3.3%. Increase in energy consumption are as explained in Aspect A1 above.

Water consumption has decreased significantly. This is due the Company's office in 3018 Bedok North Street 5, Eastlink was converted and used to provide temporary living space for four of our Company's employees during the Circuit Breaker in FY2020. This arrangement has ceased since August 2021, due to the relaxation of Covid-19 restriction. Hence, the water usage has normalised in FY2021.

Compliance

TOMO-CSE has complied with the relevant laws and regulations in relation to TOMO-CSE's use of resources during the year under review. In FY2021, resources consumed by TOMO-CSE were purchased electricity, diesel, water, and paper.

Direct fuel

TOMO-CSE's fuel consumption is mainly from diesel consumed for the fleet vehicles. In FY2021, the total diesel consumption of TOMO-CSE was 105,369 kilowatt-hours (kWh) (with an intensity of 137.6 kWh/m²), a slight increase of 4.1% compared to the previous year. Explanation on the increase in fuel consumption and steps taken to achieve the targets for FY2022 are as explained in Aspect A1 above.

Purchased electricity

TOMO-CSE's electricity consumption came from regular operations of the office and machineries at its workshops. In FY2021, the total electricity consumption of TOMO-CSE was 53,596 kWh (with an intensity of 69.97 kWh'000/m²), a slight increase of 1.7% compared to the previous year. Increase in electricity consumption is as explained in Aspect A1 above.

To achieve the target for FY2022, TOMO-CSE started to replace traditional light bulbs with electricity-saving light bulbs as well as educated its employees about energy conservation and emission reductions.

TOMO-CSE 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. All employees stringently complied with TOMO-CSE's policy of saving energy.

To ensure the effective use of electricity, TOMO-CSE 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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Water consumption

TOMO-CSE's water consumption is mainly from domestic water use. In FY2021, the total water consumption of TOMO-CSE was 275 m³ (with an intensity of 0.36 m³/m²), a decrease of 20% compared to the previous year. Decrease in water consumption is as explained above.

To achieve the target for FY2022, TOMO-CSE adopted the following practices:

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

Paper

Paper was mainly consumed by TOMO-CSE's office. TOMO-CSE will commence tracking the usage of this resource starting from FY2021. TOMO-CSE 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.

2.3. Aspect A3: Environment and Natural Resources

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

2.4. Aspect A4: Climate Change

TOMO-CSE does not face any significant climate-related issues which have impacted or may impact us.

3. SOCIAL

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.1. Aspect B1: Employment

TOMO-CSE 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 TOMO-CSE 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). TOMO-CSE 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 about employee benefits. The human resources department of TOMO-CSE and its subsidiaries review and update the relevant company policies regularly following the latest laws and regulations.

In FY2021, TOMO-CSE complied with relevant laws and regulations about 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 TOMO-CSE.

Recruitment and promotion

TOMO-CSE attracts talent through a fair, and flexible recruitment strategy. The recruitment process is required to include an application for recruitment, description of the position, collection of job applications, interview, selection, approval, and job offers. Promotion is required to be based on performance and suitability.

Compensation and dismissal

TOMO-CSE offers competitive remuneration to attract and retain talented staff members. Remuneration packages are reviewed periodically to ensure consistency with the 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 comply with employment or labour laws and regulations.

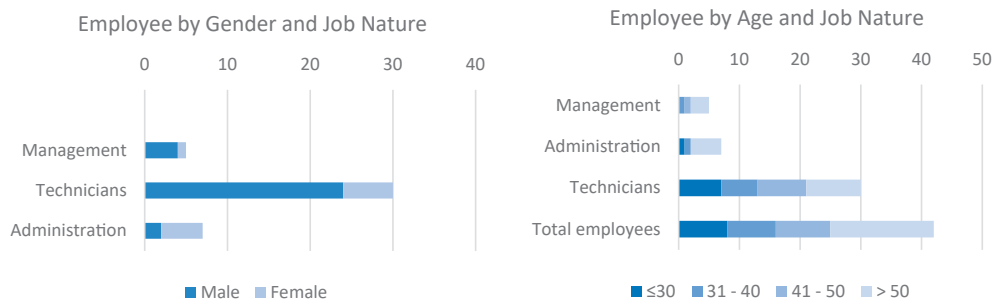
Equal opportunities, diversity and anti-discrimination

TOMO-CSE 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.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

In FY2021, female employee consists of 28.5% of the total employee of TOMO-CSE and 20.0% of female representation in the Management. In FY2021, the turnover rate of TOMO-CSE is 11.90% and there is no female employee resign during the year. TOMO-CSE provides equal opportunities to the employee regardless of the age of the employee. In FY2021, TOMO-CSE has 42.5% of employees have age above 50-year-old. These employees contribute their experience and expertise to TOMO-CSE and are one of the key reasons for TOMO-CSE's high-quality products and services. In FY2021, all of TOMO-CSE's employees are in Singapore where the business primarily operates.

The following graphs summarised the performance of TOMO-CSE in providing equal opportunities, diversity and anti-discrimination workplace culture to the employee.



Other benefits and welfare

TOMO-CSE 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.

3.2. Aspect B2: Health and Safety

TOMO-CSE is committed to maintaining a healthy and safe workplace for employees, and to preventing workplace injuries and illnesses.

Legal compliance

TOMO-CSE 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 FY2021, TOMO-CSE was not in violation of any of the relevant laws and regulations about providing a safe working environment and protecting the employees from occupational hazards that have a significant impact on TOMO-CSE.

Providing a safe working environment and protection from occupational hazards

TOMO-CSE strives to provide a high-quality working environment for its employees and has established a series of policies according to the ISO 9001:2008 and BizSAFE Level 3 for a safe working environment and protecting employees from occupational hazards. TOMO-CSE strives to eliminate work injury by adopting the following practices:

- Establishing a safety community to be in charge of the work safety

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

- Conducting periodical safety briefings and reminders to workers
- On-site monitoring of safety by Supervisor
- Warning to the employee for non-compliance to safety guidelines
- Safety warnings and stickers on the strategic locations

In FY2021, TOMO-CSE has Zero lost days due to work injury and Zero work-related fatalities.

COVID-19 prevention in the work place

TOMO-CSE strictly complies with the regulations and restrictions imposed by the Singapore Government to control the spread of COVID-19. During the Circuit Breaker period, TOMO-CSE's business operations including the production of leather upholstery works and installation of leather upholstery and electronic accessories were temporarily suspended in line with government orders.

In line with COVID-19 related regulations and restrictions, TOMO-CSE established a safe working environment with the following guidelines:

- Use of face mask at all times
- Combination of split team arrangement and work-from-home arrangement to reduce the physical interaction between employees
- Compulsory monitoring of temperature for employees and visitors (including customers)
- Use of virtual meetings whenever possible
- Safe distancing in the workplace

3.3. Aspect B3: Development and Training

TOMO-CSE is committed to providing adequate training to our employees to improve their knowledge and skills for discharging duties at work. TOMO-CSE requires new employees to attend orientation conducted jointly by the management and the direct supervisor and relies on the day-to-day on-job training to improve employees' knowledge and skills for their job positions. All employees are subjected to transparent performance evaluation that is conducted annually. The information collected from performance evaluation and the feedbacks from the employee are used to support the on-job-training and skills development plan in the future. Going-forward, TOMO-CSE will explore the opportunity to improve the reporting of development and training activities by tracking the hours of on-job-training.

During the year, all directors have participated in continuous professional development by attending a training course or reading relevant materials on the topics related to corporate governance and regulations.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

3.4. Aspect B4: Labour Standards

TOMO-CSE is committed to protecting human rights, prohibiting forced labour, and creating a workplace with fairness, respect, and free will for our employees.

Legal compliance

TOMO-CSE strictly abides by the Employment Act (Cap. 91) and Employment of Foreign Manpower Act (Cap. 91A), Employment (Children and Young Persons) Regulations 2000 and other related labour laws and regulations in Singapore, to prohibit any child and/or forced labour employment.

In FY2021, TOMO-CSE was not in violation of any of the relevant laws and regulations about the prevention of child and forced labour that has a significant impact on TOMO-CSE.

Child and forced labour

TOMO-CSE has put in place internal policies and controls over manpower recruitment activities. According to TOMO-CSE's policies, the hiring team is responsible for checking and verifying the background, identity and qualification of each new hire to ensure that the new hire has an age 16 or higher and that the candidate's background does not indicate that new hire is forced labour. An official employment contract is entered for new hires and the right type of work pass issued by MOM is obtained for foreign workers. In FY2021, TOMO-CSE did not hire any child labour or forced labour, free-lance or illegal workers.

In addition, TOMO-CSE has formal procedures in place to eliminate illegal labour practices if discovered, including escalation, investigation, reporting to authorities, rectification actions, etc.

3.5. Aspect B5: Supply Chain Management

Supply chain management is a key area of our business, which includes managing the environmental and social risks of the supply chain. As an enterprise with a keen sense of social responsibility, it is critical and vital for TOMO-CSE to maintain and manage a sustainable and reliable supply chain that considers environmental and societal impact. TOMO-CSE monitors the quality of its suppliers and supplies chain practices regularly.

Selection of suppliers

TOMO-CSE established strict supplier evaluation processes. TOMO-CSE 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 TOMO-CSE'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. Key suppliers in TOMO-CSE's supply chain (e.g. raw leather suppliers) are also subjected to ESG performance evaluation by assessing the performance of suppliers in disclosed information (e.g. negative news on environmental/social issues).

TOMO-CSE has its internal list of approved qualified suppliers and will reassess them annually. The top 3 suppliers by transaction value will be included in the annual evaluation. In FY2021, 78.9% of suppliers are subjected to either the new supplier evaluation or annual evaluation.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

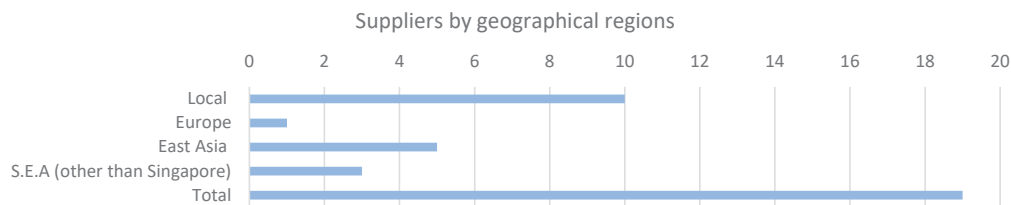
Relationship with suppliers

TOMO-CSE 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.

TOMO-CSE 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. TOMO-CSE 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 to implement a differentiated management strategy for the suppliers. Given the firm and stable relationship between TOMO-CSE and its suppliers, TOMO-CSE can be promptly updated on the supply situation through the internet, phone calls, and other communication means.

In FY2021, TOMO-CSE added new key suppliers to further diversify the source of key materials and minimise supply disruptions. The new suppliers were subjected to TOMO-CSE's established supplier evaluation processes as mentioned above.

The following graph shows the diversity of TOMO-CSE's supply chain.



3.6. Aspect B6: Product Responsibility

TOMO-CSE is committed to ensuring product safety and product quality.

Legal compliance

About TOMO-CSE's product health and safety, advertising and labelling, and privacy management, TOMO-CSE is strictly in compliance with the related rules and regulations in Singapore as stated below.

In FY2021, TOMO-CSE 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 TOMO-CSE.

Products quality and safety

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

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

To ensure products quality and safety, TOMO-CSE established the following guidelines:

- Quality assurance programme on incoming raw materials (e.g., leather)/electronic products
- Testing of the new electronic products before launching the products
- Strict quality control check before the delivery of the products and services

Customer complaints

TOMO-CSE has established standard procedures for handling product enquiries and complaints. Customers can access the TOMO Website at www.thetomogroup.com to file their complaints. In FY2021, no product recall and no customer complaint are filed.

Advertising and labelling

TOMO-CSE has established internal guidelines to ensure TOMO-CSE 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 TOMO-CSE's internal guidelines, TOMO-CSE would carry out corrective action immediately.

Intellectual property

TOMO-CSE 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. TOMO-CSE 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

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

3.7. Aspect B7: Anti-Corruption

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

Legal compliance

In FY2021, TOMO-CSE was not in violation of any of the relevant laws and regulations about bribery, extortion, fraud and money laundering that have a significant impact on TOMO-CSE.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Preventing bribery and corruption

TOMO-CSE prohibits all forms of bribery and corruption. TOMO-CSE 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 TOMO-CSE's interests.

Whistle-blowers can report verbally or in writing to the senior management of TOMO-CSE for any suspected misconduct with full details and supporting evidence. The management will conduct investigations against any suspicious or illegal behaviour to protect TOMO-CSE's interests. TOMO-CSE 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 it necessary.

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

3.8. Aspect B8: Community investment

TOMO-CSE understands the importance of making a positive contribution to the communities where TOMO-CSE operates and sees the interests of the communities as one of its social responsibilities. TOMO-CSE 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

TOMO-CSE strives to enlarge the business operation so that we can hire more workers to alleviate unemployment in the community.

Community activities

TOMO-CSE encourages our employees to participate in community activities, such as community initiatives organised by charity foundations, volunteerism, and donations to causes supported by TOMO-CSE.

In FY2021, TOMO-CSE did not organise donations to charity organisations due to the economic constraints as a result of the COVID-19.

Environmental protection

TOMO-CSE encourages all employees to participate in environmental protection activities and raise the environmental awareness of people in the communities.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX A: ESG REPORTING GUIDE CONTENT INDEX

The ESG Reporting Guide Content Index references the TOMO Holdings Limited Sustainability Report 2021 (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 2
KPI A1.1	The types of emissions and respective emissions data.	• Page 6
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility)	• Page 6
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	• Page 7
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	• Page 7
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	• Page 6
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	• Page 7
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources including energy, water and other raw materials	• Page 8
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in '000s) and intensity (e.g. per unit of production volume, per facility).	• Page 8
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	• Page 8
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	• Page 8
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	• Page 8
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	• Page 9

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
Aspect A3: Environment and Natural Resources		
General disclosure	Policies on minimising the issuer's significant impact on the environment and natural resources	• Page 9
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	• Page 9
Aspect A4: Climate Change		
General disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer	• Page 9
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	• Page 9
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	• Page 10
KPI B1.1	Total workforce by gender, employment type (for example, full- or part time), age group and geographical region	• Page 11
KPI B1.2	Employee turnover rate by gender, age group and geographical region	• Page 11

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
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	• Page 12
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	• Page 12
KPI B2.2	Lost days due to work injury.	• Page 12
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	• Page 12
Aspect B3: Development and Training		
General disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	• Page 12
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	• Page 12
KPI B3.1	The average training hours completed per employee by gender and employee category	• Page 12
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	• Page 13
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	• Page 13
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	• Page 13

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

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	• Page 13
KPI B5.1	Number of suppliers by geographical region	• Page 14
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, and how they are implemented and monitored	• Page 13
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	• Page 13
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	• Page 13
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	• Page 14
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	• Page 14
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	• Page 14
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	• Page 14
KPI B6.4	Description of quality assurance process and recall procedures	• Page 14
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	• Page 14

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

Subject Areas, Aspects, General Disclosures and KPIs	Description	Page reference and remarks
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	• Page 15
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	• Page 15
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	• Page 15
KPI B7.3	Description of anti-corruption training provided to directors and staff.	• Page 15
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	• Page 15
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	• Page 15
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	• Page 15

INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOMO HOLDINGS LIMITED

Report on the Audit of the Consolidated Financial Statements

OPINION

We have audited the accompanying consolidated financial statements of TOMO Holdings Limited (the "Company") and its subsidiaries (the "Group") as set out on pages 56 to 107, which comprise the consolidated balance sheet of the Group as at 31 December 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2021, and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the year then ended in accordance with International Financial Reporting standards ("IFRS") approved by the International Accounting Standards Board (the "IASB") and 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") issued by International Auditing and Assurance Standards Board (the "IAASB"). 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 are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITOR'S REPORT

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, 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:

- Consultancy income
- Valuation of investment properties

Key Audit Matter

How our audit addressed the Key Audit Matter

Consultancy income

Refer to Note 7 to the consolidated financial statements.

The Group recorded consultancy income of \$608,265 from two third parties in the current financial year (2020: nil).

We focused on this area as these are material transactions during the year.

Our procedures in relation to the consultancy income focused on the following:

- Obtained understanding of the nature of the consultancy income;
- Inquired management and obtained evidence of approval by the Board of Directors for the Group to provide consultancy services;
- Obtained and reviewed the agreements entered with the customers;
- Interviewed the Group's personnel in relation to the consultancy services and obtain their confirmation on their roles in relation to the consultancy services;
- Interviewed all the customers and obtained their confirmation that the deliverables under the agreements have been submitted and presented to them; and
- Checked subsequent collection to bank statements for invoices raised.

INDEPENDENT AUDITOR'S REPORT

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 2021, the fair values of the Group's investment properties located in Singapore amounted to \$3,000,000 (2020: \$3,000,000).

Management has engaged an independent external valuation expert to assess the fair values of the investment properties using comparison method. As each property is different on its nature, condition and location, the valuation requires the use of judgement 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 judgement 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; and
- comparing the data inputs adopted in the valuations, such as recent transaction prices of comparable properties, on a sample basis, to market data.

INDEPENDENT AUDITOR'S REPORT

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report 2021 but does not include 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 THOSE CHARGED WITH GOVERNANCE 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.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

INDEPENDENT AUDITOR'S REPORT

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 solely to you as a body corporate in accordance with our agreed terms of engagement 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 judgement 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.

INDEPENDENT AUDITOR'S REPORT

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

We communicate with those charged with governance 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 those charged with governance 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 those charged with governance, 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 described 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 Ong Kian Guan.

Baker Tilly TFW LLP

*Public Accountants and
Chartered Accountants
Singapore*

31 March 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2021

	Note	2021 \$	2020 \$
Revenue	6	9,709,963	6,184,891
Cost of sales	9	(8,142,220)	(4,325,895)
Gross profit		1,567,743	1,858,996
Other income	7	854,595	438,392
Other gains/(losses) – net	8	18,685	(167,387)
Selling and distribution expenses	9	(413,039)	(377,714)
Administrative expenses	9	(1,938,559)	(1,539,278)
Finance income	11	698	63,893
Finance cost on lease liabilities		(1,523)	(3,586)
Profit before income tax	9	88,600	273,316
Income tax credit/(expense)	12	29,431	(100,332)
Profit for the financial year		118,031	172,984
Profit and total comprehensive income for the financial year attributable to equity holders of the Company		118,031	172,984
Earnings per share for profit attributable to equity holders of the Company			
Basic and diluted (Singapore cents)	13	0.03	0.04

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

CONSOLIDATED BALANCE SHEET

At 31 December 2021

	Note	2021 \$	2020 \$
Assets			
Non-current assets			
Investment properties	14	3,000,000	3,000,000
Property, plant and equipment	15	859,022	1,003,033
Intangible asset	16	100,353	–
Right-of-use asset	17	6,455	45,184
		3,965,830	4,048,217
Current assets			
Amount due from a shareholder	20	93,197	–
Inventories	21	443,578	668,338
Trade and other receivables	22	1,472,070	1,455,595
Cash and cash equivalents	23	20,364,047	20,638,689
		22,372,892	22,762,622
Total assets		26,338,722	26,810,839
Equity and liabilities			
Capital and reserve attributable to equity holders of the Company			
Share capital	25	793,357	793,357
Share premium	25	12,398,264	12,398,264
Other reserve		200,000	200,000
Retained earnings		12,308,740	12,190,709
Total equity		25,700,361	25,582,330

CONSOLIDATED BALANCE SHEET

At 31 December 2021

	Note	2021 \$	2020 \$
Liabilities			
Non-current liabilities			
Lease liabilities	17	–	6,945
Deferred tax liability	19	12,000	6,000
		12,000	12,945
Current liabilities			
Trade and other payables	26	404,583	774,528
Contract liabilities	27	180,600	–
Lease liabilities	17	6,945	40,420
Current income tax liabilities		6,000	316,020
Provision	29	28,233	84,596
		626,361	1,215,564
Total liabilities		638,361	1,228,509
Total equity and liabilities		26,338,722	26,810,839

The consolidated financial statements on pages 56 to 107 were approved for issue by the Board of Directors on 31 March 2022 and were signed on its behalf.

Ms. Ma Xiaoqiu

Director

Mr. Wong Chun Man

Director

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2021

	Attributable to the equity holders of the Company				
	Share capital (Note 25) \$	Share premium (Note 25) \$	Other reserve \$	Retained earnings \$	Total \$
At 1 January 2020	793,357	12,398,264	200,000	12,017,725	25,409,346
Comprehensive income					
Profit and total comprehensive income for the financial year	-	-	-	172,984	172,984
At 31 December 2020	793,357	12,398,264	200,000	12,190,709	25,582,330
At 1 January 2021	793,357	12,398,264	200,000	12,190,709	25,582,330
Comprehensive income					
Profit and total comprehensive income for the financial year	-	-	-	118,031	118,031
At 31 December 2021	793,357	12,398,264	200,000	12,308,740	25,700,361

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2021

Note	2021 \$	2020 \$
Cash flow from operating activities		
Profit before income tax	88,600	273,316
Adjustments for:		
– Amortisation of intangible asset	2,647	–
– Depreciation of property, plant and equipment	155,861	203,125
– Depreciation of right-of-use assets	38,729	38,729
– Gain on disposals of property, plant and equipment	–	(1,749)
– Fair value loss on investment properties	–	150,000
– Write-off of inventories	27,539	9,613
– Reversal of unutilised provision for warranty	(20,604)	(78,461)
– Provision for warranty	20,641	24,595
– Finance income	(698)	(63,893)
– Finance cost on lease liabilities	1,523	3,586
Operating profit before working capital changes	314,238	558,861
Changes in working capital:		
– Inventories	197,221	112,992
– Trade and other receivables	(16,475)	1,764,059
– Amount due from a shareholder	(93,197)	–
– Trade and other payables and provision	(426,345)	(637,125)
– Contract liability	180,600	–
Cash generated from operations	156,042	1,798,787
Income tax paid	(274,589)	(628,312)
Net cash generated from operating activities	(118,547)	1,170,475
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	–	9,236
Purchase of intangible asset	(103,000)	–
Purchase of property, plant and equipment	(11,850)	(138,816)
Interest received	698	104,136
Withdrawal of pledged fixed deposits	–	9,263,692
Net cash (used in)/generated from investing activities	(114,152)	9,238,248
Cash flows from financing activities		
Principal element of lease payment	(40,420)	(38,358)
Interest element of lease payment	(1,523)	(3,586)
Net cash used in financing activities	(41,943)	(41,944)
Net (decrease)/increase in cash and cash equivalents	(274,642)	10,366,779
Cash and cash equivalents at beginning of the financial year	20,638,689	10,271,910
Cash and cash equivalents at end of the financial year	23 20,364,047	20,638,689

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

1 GENERAL INFORMATION

TOMO Holdings Limited ("the Company") was incorporated in the Cayman Islands on 16 January 2017 as an exempted company with limited liability under Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business in Singapore of the Company is Block 3018, Bedok North Street 5, #02-08 Eastlink, Singapore 486132 and the principal place of business in Hong Kong of the Company is Room Nos. 4101-4104, 41/F, Sun Hung Kai Centre, 30 Harbour Road, Wanchai, Hong Kong.

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

These consolidated financial statements have been approved for issue by the Board of Directors on 31 March 2022.

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

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

(i) *New and revised standards that are adopted*

In the current financial year, the Group has adopted all the new and revised IFRSs and International Financial Reporting Interpretations Committee Interpretations ("IFRIC INT") that are relevant to its operations and effective for the current financial year. In addition, the Group has also early adopted the *Amendment to IFRS 16 COVID-19 Related Rent Concessions beyond 30 June 2021*. Changes to the Group's accounting policies have been made as required, in accordance with the transitional provisions in the respective IFRSs and IFRIC INT.

The adoption of these new/revised IFRSs and IFRIC did not have any material effect on these financial statements.

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

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

2.2 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.2 Subsidiaries (Continued)

Consolidation (Continued)

(a) Business combinations (Continued)

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.

(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.

2.3 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Foreign currency translation (Continued)

(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.

2.4 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.

2.5 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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.5 Property, plant and equipment (Continued)

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 – net" in the consolidated statement of comprehensive income.

2.6 Intangible asset

Club membership

Club membership is measured initially at cost. Following initial recognition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible asset with finite useful lives is amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each balance sheet date. Amortisation of club membership is calculated on a straight-line basis over the estimated useful lives of 19.5 years.

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 its 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

At the inception of the contract, the Group assesses if the contract contains a lease. A contract contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Reassessment is only required when the terms and conditions of the contract are changed.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

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.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Leases (Continued)

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

The lease liabilities are presented as a separate line in the consolidated balance sheet.

The right-of-use assets are presented as a separate line in the consolidated balance sheet.

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

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 risks and rewards of ownership.

Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition of financial assets are added to the fair value of the financial assets on initial recognition. Trade receivables without a significant financing component is initially measured at transaction prices.

Classification and measurement

All financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

The Group classifies its financial assets at amortised cost.

The classification is based on the entity's business model for managing the financial asset and the contractual cash flow characteristics of the financial assets.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Subsequent measurements

Debt instruments

Debt instruments include trade and other receivables (excluding advance payment to suppliers, prepayment of operating expenses and grant receivable) and cash and cash equivalents. The Group's debt instruments are measured at amortised cost.

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate ("EIR") method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. Interest income from these financial assets is included in interest income using the EIR method.

Impairment

The Group recognises an allowance for expected credit losses ("ECLs") for financial assets carried at amortised cost. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The impairment methodology applied depends on whether there has been a significant increase in credit risk. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a "12-month ECL"). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a "lifetime ECL").

For trade receivables that do not have a significant financing component, the Group applies a simplified approach to recognise a loss allowance based on lifetime ECLs at each balance sheet date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted as appropriate for current conditions and forward-looking factors specific to the debtors and the economic environment.

If the Group has measured the loss allowance for a financial asset at an amount equal to lifetime ECL in the previous reporting period, but determines at the current balance sheet date that the conditions for lifetime ECL are no longer met, the Group measures the loss allowance at an amount equal to 12-month ECL at the current balance sheet date.

The Group recognises an impairment gain or loss in profit or loss for all financial assets with a corresponding adjustment to their carrying amount through a loss allowance account.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.9 Financial assets (Continued)

Offset

Financial assets and liabilities are offset and the net amount presented on the statement of financial position when, and only when the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

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. Amounts received above the nominal is recorded as a share premium.

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.

2.13 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.15 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

2.17 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 usage of the 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 29.

The customers are invoiced periodically. Unbilled revenue arises from the cumulative revenue recognised but not yet invoiced to customer is recognised as trade receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

(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 usage of the 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 29.

A 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.

(c) Sale of automotive parts and motor vehicles

The Group sells automotive parts and motor vehicles 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 usage of the 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 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 7 days, which is consistent with market practice.

A 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Revenue recognition (Continued)

(d) *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 Consultancy income

The Group provides consultancy on capital market and public listing requirements.

Revenue derived from consultancy is recognised at a point in time generally when the consultancy are rendered to the customer. Consultancy income is measured at point in time once the consultancy has been completed and report issued as the performance obligation has been met. The customers are required to pay within 60 days from the invoice date. No element of financing is deemed present.

A receivable is recognised when the services are performed as this is the point in time that the consideration is unconditional because only the passage of time is required before payment is due.

2.21 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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 \$ against HK\$. Foreign exchange risk arises mainly from recognised assets. At 31 December 2021, if the HK\$ had weakened or strengthened by 10% against the \$ with all other variables held constant, post-tax profit for the year would have been approximately \$34,000 (2020: \$70,000) lower/higher as a result of foreign exchange losses/gains mainly on translation of HK\$ denominated cash and bank balances.

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. 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.

The Group's trade receivables comprise 2 debtors (2020: 2 debtors) that in aggregate represented 91.8% (2020: 94.8%) of the trade receivables.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

The maximum exposure to credit risk is the carrying amount of each classes of financial instruments presented on the consolidated balance sheet.

The following sets out the Group's internal credit evaluation practices and basis for recognition and measurement of expected credit losses ("ECL"):

Category of internal credit rating	Description of category	Basis for recognising expected credit losses
Performing	The counterparty has a low risk of default and does not have any past-due amounts.	12-month expected credit losses
Under-performing	Amount is >30 days past due or there has been a significant increase in credit risk since initial recognition.	Lifetime expected credit losses
Non-performing	Amount is >90 days past due or there is evidence indicating the asset is credit-impaired.	Lifetime expected credit losses
Write-off	There is evidence indicating that the debtor is in severe financial difficulty and the Group has no realistic prospect of recovery.	Amount is written off

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial asset as at the reporting date with the risk of a default occurring on the financial asset as at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information, such as future economic and industry outlook, that is available without undue cost or effort.

In particular, the Group considers the following information when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the operating results/key financial performance ratios of the debtor; and
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

The Group regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

The Group also assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the reporting date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Definition of default

The Group considers an event of default for internal credit risk management purpose. Management considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred such as evidence that the borrower is in significant financial difficulty, there is a breach of contract such as default or past due event; there is information that it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; the disappearance of an active market for that financial asset because of financial difficulties; or the purchase or origination of a financial asset at a deep discount that reflects the incurred credit losses.

Estimation techniques and significant assumptions

There has been no change in the estimation techniques or significant assumptions made during the current financial year for recognition and measurement of credit loss allowances.

Trade receivables

The Group has applied the simplified approach to measure the expected credit loss allowance for trade receivables.

Trade receivables that shared the same credit risk characteristics and days past due are grouped together in measuring the expected credit losses.

The Group estimates the expected credit loss rates for each category of past due status of the debtors based on historical credit loss experience adjusted as appropriate to reflect current conditions and forecasts of future economic conditions with consideration of the impact of COVID-19 pandemic on the ability of the customers to settle the receivables.

There has been no change in the estimation techniques or significant assumptions made during the current financial year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (Continued)

Other financial assets at amortised cost

Other financial assets at amortised cost includes other receivables (excluding advance payment to suppliers, prepayment of operating expenses and grant receivable) and cash and cash equivalents.

The table below details the credit quality of the Group's financial assets (other than trade receivables):

2021	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
- Amount due from shareholder	N.A. Exposure Limited	93,197	-	93,197
Other receivables (excluding advance payment to suppliers and prepayment of operating expenses)	N.A. Exposure Limited	639,029	-	639,029
Cash and cash equivalents	N.A. Exposure Limited	20,364,046	-	20,364,046
2020	12-month or lifetime ECL	Gross carrying amount \$	Loss allowance \$	Net carrying amount \$
Other receivables (excluding advance payment to suppliers, prepayment of operating expenses and grant receivable)	N.A. Exposure Limited	28,253	-	28,253
Cash and cash equivalents	N.A. Exposure Limited	20,638,689	-	20,638,689

The credit loss exposure for other receivables and cash and cash equivalents are immaterial as at 31 December 2021 and 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 loss to its fair value.

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.

The table below summarises the maturity profile of the Group's non-derivative financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less \$	2 to 5 years \$	Total \$
2021			
Trade and other payables	365,449	–	365,449
Lease liabilities	6,991	–	6,991
	372,440	–	372,440
2020			
Trade and other payables	640,160	–	640,160
Lease liabilities	41,944	6,991	48,935
	682,104	6,991	689,095

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(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 financial years ended 31 December 2021 and 31 December 2020.

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.

	2021 \$	2020 \$
Net debt	6,945	47,365
Total capital	25,700,361	25,582,330
Gearing ratio	0.0003	0.002

The Group does not have any borrowing other than lease liabilities as at 31 December 2021 and 31 December 2020.

(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 amount due from a shareholder, trade and other receivables and bank balances and; current financial liabilities, including trade and other payables, approximate their fair values as at the reporting date due to their short term maturities.

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 2021 (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Fair value estimation (Continued)

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 with appropriate adjustments have been made to account for the difference in factors such as locations and property size. 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 AND ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 current sales levels and past experience of the level of repairs and returns. The Group's provision amounted to \$ 28,233 as at 31 December 2021 (2020: \$84,596).

(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 judgement, the valuer 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. The judgement and assumptions used for estimating the fair value of the investment properties are disclosed in Note 3(e).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

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

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

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 SEGMENT INFORMATION (CONTINUED)

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 SEGMENT INFORMATION (CONTINUED)

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

Geographical information

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

	2021 \$	2020 \$
Singapore	9,666,501	6,184,891
Malaysia	43,462	-
	9,709,963	6,184,891

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

5 SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

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

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.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

7 OTHER INCOME

	2021 \$	2020 \$
Cash grant	23,738	11,664
Foreign Worker Levy Rebate	-	44,250
Jobs Support Scheme	67,058	219,567
Consultancy income	608,265	-
Rental waiver from JTC	-	6,265
Property tax rebate	-	6,562
Rental income from investment properties	131,100	126,206
Special Employment Credit	7,325	7,508
Skills Future Enterprise Credit	3,914	-
Wages Credit Scheme	13,195	16,370
	854,595	438,392

8 OTHER LOSSES – NET

	2021 \$	2020 \$
Foreign exchange gain/(loss), net	18,685	(19,807)
Gain on disposal of property, plant and equipment	-	1,749
Fair value loss on investment properties (Note 4)	-	(150,000)
Others	-	671
	18,685	(167,387)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

9 PROFIT BEFORE INCOME TAX

	2021 \$	2020 \$
Costs of inventories	6,932,703	2,855,310
Freight and forwarding charges	10,528	19,050
Employee benefit costs (Note 10)	2,643,201	2,475,077
Amortisation of intangible asset (Note 16)	2,647	–
Depreciation of property, plant and equipment (Note 15)	155,861	203,125
Depreciation of right-of-use assets (Note 17)	38,729	38,729
Rental expenses on short-term leases	4,596	13,962
Commission	17,112	21,153
Entertainment	62,899	63,136
Motor vehicles expenses	44,851	41,357
Insurance	51,774	57,903
Travelling expenses	59	11,487
Advertisement	11,883	12,576
Auditor's remuneration		
– Audit services	80,000	80,000
– Non-audit services	–	–
Legal and professional fees	245,275	225,382
Write-off of inventories (Note 21)	27,539	9,613
Reversal of unutilised warranty (Note 29)	(20,604)	(78,461)
Provision for warranty cost (Note 29)	20,641	24,595
Other operating expenses	164,124	168,893
Total cost of sales, selling and distribution expenses and administrative expenses	10,493,818	6,242,887

10 EMPLOYMENT BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS

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

	2021 \$	2020 \$
Wages, salaries and allowances	2,261,117	2,149,576
Discretionary bonuses	147,740	84,818
Retirement benefit costs – defined contribution plans	133,344	136,357
Others	101,000	104,326
	2,643,201	2,475,077

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10 EMPLOYMENT BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Directors' emoluments

The remuneration of every director for the year ended 31 December 2021 and 31 December 2020 is set out below:

Name of directors	Fees \$	Salaries, allowances and benefits in kind \$	Discretionary bonuses \$	Employer's contribution to defined contribution plans \$	Total \$
31 December 2021					
Executive directors					
Ms. Ma Xiaoqiu	-	55,907	-	-	55,907
Mr. Siew Yew Khuen	-	153,068	5,536	25,500	184,104
Ms. Lee Lai Fong	-	102,067	4,770	17,000	123,837
Mr. Siew Yew Wai	-	46,417	5,616	7,200	59,233
Mr. Zha Jian Ping	-	25,800	-	-	25,800
Non-executive directors					
Ms. Liu Xinyi	-	55,907	-	-	55,907
Mr. Wong Chun Man	-	55,907	-	-	55,907
Ms. Lyu Qiuqia	-	13,976	-	-	13,976
Independent non-executive directors					
Mr. Jin Lailin	11,181	-	-	-	11,181
Ms. Lee Kit Ying	11,181	-	-	-	11,181
Mr. Wang Zhongmin	11,181	-	-	-	11,181
Mr. Peng Peng	5,332	-	-	-	5,332
Mr. Clarence Tan Kum Wah	16,350	-	-	-	16,350
Mr. Gary Chan Ka Leung	10,900	-	-	-	10,900
Mr. Ng Chee Chin	15,457	-	-	-	15,457
	81,582	509,049	15,922	49,700	656,253

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10 EMPLOYMENT BENEFIT COSTS – INCLUDING DIRECTORS’ EMOLUMENTS (CONTINUED)

(b) Directors’ emoluments (Continued)

Name of directors	Fees \$	Salaries, allowances and benefits in kind \$	Discretionary bonuses \$	Employer’s contribution to defined contribution plans \$	Total \$
31 December 2020					
Executive directors					
Mr. Siew Yew Khuen	–	319,635	–	6,480	326,115
Ms. Lee Lai Fong	–	213,135	–	6,480	219,615
Mr. Siew Yew Wai	–	96,110	16,000	11,440	123,550
Mr. Zha Jian Ping	–	39,774	–	–	39,774
Independent non-executive directors					
Mr. Clarence Tan Kum Wah	27,250	–	–	–	27,250
Mr. Gary Chan Ka Leung	27,250	–	–	–	27,250
Mr. Ng Chee Chin	21,286	–	–	–	21,286
	75,786	668,654	16,000	24,400	784,840

For the financial year ended 31 December 2021, 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 (2020: None).

(i) Appointment of directors

Ms. Ma Xiaoqiu was appointed as the Company’s executive director on 21 July 2021.

Mr. Jin Lailin, Ms. Lee Kit Ying and Mr. Wang Zhongmin were appointed as the Company’s independent non-executive director on 21 July 2021.

Ms. Liu Xinyi, Mr. Wong Chun Man and Ms. Lyu Qiujia were appointed as the Company’s non-executive director on 21 July 2021.

Mr. Peng Peng was appointed as the Company’s independent non-executive director on 15 October 2021.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10 EMPLOYMENT BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(b) Directors' emoluments (Continued)

(ii) Resignation of directors

Mr. Siew Yew Khuen, Ms. Lee Lai Fong, Mr. Siew Yew Wai and Mr. Zha Jianping resigned as the Company's executive director on 21 July 2021.

Mr. Gary Chan Ka Leung resigned as the Company's independent non-executive director on 3 June 2021.

Mr. Clarence Tan Kum Wah and Mr. Ng Chee Chin resigned as the Company's independent non-executive director on 21 July 2021.

(iii) Directors' retirement benefits

Except as disclosed below, 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 financial year ended 31 December 2021 (2020: Nil).

(iv) Directors' termination benefits

No payment was made to directors as compensation for the early termination of the appointment for the financial year ended 31 December 2021 (2020: Nil).

(v) 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 financial year ended 31 December 2021 (2020: Nil).

(vi) 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 financial year ended 31 December 2021 (2020: Nil).

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

Except as disclosed in Note 32(a), 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 financial year ended 31 December 2021 (2020: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

10 EMPLOYMENT BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS (CONTINUED)

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company include 2 executive directors for the financial years ended 31 December 2021 (2020: 3 executive directors), whose emoluments are reflected in the analysis presented above.

The emoluments paid or payable to the remaining 3 individuals for the financial years ended 31 December 2021 (2020: 2 individuals) are as follows:

	2021	2020
	\$	\$
Wages, salaries and allowances	406,770	194,911
Discretionary bonuses	27,163	33,130
Retirement benefit costs – defined contribution plans	70,250	28,599
	504,183	256,640

	Number of individuals	
	2021	2020
Emolument band Nil – HK\$1,000,000 (equivalent to \$173,000; 2020: \$168,000)	2	2

11 FINANCE INCOME

	2021	2020
	\$	\$
Interest income from fixed deposits	698	63,893

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

12 INCOME TAX (CREDIT)/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 financial year (2020: 17%).

The amount of income tax (credit)/expense charged to the consolidated statement of comprehensive income represents:

	2021 \$	2020 \$
Income tax		
– Current income tax	6,000	107,000
– Over provision in prior years	(41,431)	(13,668)
	(35,431)	93,332
Deferred income tax (Note 19)		
– Deferred income tax	6,000	7,000
Income tax (credit)/expense	(29,431)	100,332

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

	2021 \$	2020 \$
Profit before income tax	88,600	273,316
Tax calculated at domestic tax rate of 17% (2020: 17%)	15,062	46,464
Tax effect of:		
– Expenses not deductible for tax purposes	118,119	99,036
– Non-taxable income	(118,086)	(10,862)
– Singapore statutory income exemption	(5,966)	(17,425)
– Over provision in prior years	(41,431)	(13,668)
– Others	2,871	(3,213)
Income tax (credit)/expense	(29,431)	100,332

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

13 EARNINGS PER SHARE

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

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

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

14 INVESTMENT PROPERTIES

	2021 \$	2020 \$
At fair value:		
At 1 January	3,000,000	3,150,000
Fair value loss (Note 8)	-	(150,000)
At 31 December	3,000,000	3,000,000

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

	2021 \$	2020 \$
Rental income	131,100	126,206
Direct operating expenses arising from properties that generated rental income	8,652	8,652

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14 INVESTMENT PROPERTIES (CONTINUED)

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

	Fair value measurements using significant Unobservable inputs (Level 3)	
	2021	2020
	\$	\$
At 31 December		
Recurring fair value measurements:		
– Investment properties	3,000,000	3,000,000

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

Valuation processes

The Group's investment properties were valued at 31 December 2021 by Edmund Tie & Company (SEA) Pte Ltd (2020: Jones Lang LaSalle Property Consultants 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 possession. The valuation technique is based on comparison with recent transactions of comparable properties within the vicinity and elsewhere. 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 in locations, tenure, property size, shape, design, layout, age and condition of buildings, availability of facilities, dates of transactions and the prevailing market conditions amongst other factors affecting its value. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

14 INVESTMENT PROPERTIES (CONTINUED)

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

Description	Fair value at 31 December 2020	Valuation technique	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial unit 1	\$1,000,000 (2020: \$1,000,000)	Comparison approach	Average selling price per square metre	\$3,500 per square metre (2020: \$3,500 per square metre)	The higher the unit rate, the higher the fair value
Industrial unit 2	\$1,000,000 (2020: \$1,000,000)	Comparison approach	Average selling price per square metre	\$3,500 per square metre (2020: \$3,500 per square metre)	The higher the unit rate, the higher the fair value
Industrial unit 3	\$1,000,000 (2020: \$1,000,000)	Comparison approach	Average selling price per square metre	\$3,530 per square metre (2020: \$3,530 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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

15 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties \$	Lightings, renovation, furniture & fittings \$	Machinery & motor vehicles \$	Office, equipment, software and computers \$	Total \$
1 January 2020					
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
Year ended 31 December 2020					
Opening net book amount	545,285	15,845	479,765	33,934	1,074,829
Additions	–	–	108,011	30,805	138,816
Depreciation	(42,574)	(8,814)	(122,946)	(28,791)	(203,125)
Disposal	–	–	(7,487)	–	(7,487)
Closing net book amount	502,711	7,031	457,343	35,948	1,003,033
Year ended 31 December 2020 and 1 January 2021					
Cost	1,150,227	50,519	1,184,668	250,561	2,635,975
Accumulated depreciation	(647,516)	(43,488)	(727,325)	(214,613)	(1,632,942)
Net book amount	502,711	7,031	457,343	35,948	1,003,033
Year ended 31 December 2021					
Opening net book amount	502,711	7,031	457,343	35,948	1,003,033
Additions	–	6,700	5,150	–	11,850
Depreciation	(42,574)	(5,323)	(93,061)	(14,903)	(155,861)
Closing net book amount	460,137	8,408	369,432	21,045	859,022
Year ended 31 December 2021					
Cost	1,150,227	57,219	1,189,818	250,561	2,647,825
Accumulated depreciation	(690,090)	(48,811)	(820,386)	(229,516)	(1,788,803)
Net book amount	460,137	8,408	369,432	21,045	859,022

Depreciation expense of \$80,545, \$2,838 and \$72,478 (2020: \$110,430, \$2,838 and \$89,857) has been charged to cost of sales, selling and distribution expenses and administrative expenses, respectively, for the financial year ended 31 December 2021.

Banking facilities are secured on legal mortgage of the leasehold properties with carrying values totalling \$460,137 as at 31 December 2021 (2020: \$502,711) (Note 24).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

16 INTANGIBLE ASSET

	2021 \$
Club membership	
Cost	
Beginning of financial year	-
Addition	103,000
End of financial year	103,000
Amortisation	
Beginning of financial year	-
Amortisation charge for the year	2,647
End of financial year	2,647
Carrying value	100,353

Club membership has finite useful lives and is stated at cost less accumulated amortisation and accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost over 19.5 years.

17 LEASES

The Group leases an office space from third party for the purpose of back office operations and storage. The lease has a tenure of three years.

(a) Amounts recognised in the consolidated balance sheet

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

	2021 \$	2020 \$
Right-of-use asset		
Leasehold property	6,455	45,184
Lease liabilities		
Non-current liabilities	-	6,945
Current liabilities	6,945	40,420
	6,945	47,365

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

17 LEASES (CONTINUED)

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

	2021 \$	2020 \$
Depreciation charge of right-of-use asset		
Leasehold property	38,729	38,729
Interest expense included in finance cost	1,523	3,586
Expenses relating to short-term leases	4,596	13,962

The total cash outflow for leases during the financial year ended 31 December 2021 was \$46,539 (2020: \$55,906).

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.

18 FINANCIAL INSTRUMENTS BY CATEGORY

	2021 \$	2020 \$
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	933,819	1,370,579
– Cash and cash equivalents	20,364,047	20,638,689
Total	21,297,866	22,009,268
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	365,449	640,160
– Lease liabilities	6,945	47,365
Total	372,394	687,525

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19 DEFERRED TAX ASSET/(LIABILITY)

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

	2021 \$	2020 \$
Deferred tax asset/(liability):		
– Deferred income tax liability	(18,000)	(29,000)
– Deferred income tax asset	6,000	23,000
	(12,000)	(6,000)

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

	2021 \$	2020 \$
At 1 January	(6,000)	1,000
Charged to consolidated statement of comprehensive income (Note 12)	(6,000)	(7,000)
At 31 December	(12,000)	(6,000)

The movements in deferred income tax are as follows:

Deferred tax asset:

	Provision of warranty \$	Lease liability \$	Total \$
At 1 January 2020	31,000	15,000	46,000
Charged to consolidated statement of comprehensive income	(17,000)	(6,000)	(23,000)
At 31 December 2020	14,000	9,000	23,000
Charged to consolidated statement of comprehensive income	(10,000)	(7,000)	(17,000)
At 31 December 2021	4,000	2,000	6,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

19 DEFERRED TAX ASSET/(LIABILITY) (CONTINUED)

Deferred tax liability:

	Accelerated tax depreciation \$	Right-of-use asset \$	Total \$
At 1 January 2020	31,000	14,000	45,000
Credited to consolidated statement of comprehensive income	(9,000)	(7,000)	(16,000)
At 31 December 2020	22,000	7,000	29,000
Credited to consolidated statement of comprehensive income	(4,000)	(7,000)	(11,000)
At 31 December 2021	18,000	-	18,000

20 AMOUNT DUE FROM A SHAREHOLDER

The non-trade amount due from a shareholder are unsecured, interest-free and repayable from demand.

21 INVENTORIES

	2021 \$	2020 \$
Goods on hand		
Raw materials	70,435	85,786
Finished goods	373,143	582,552
	443,578	668,338

The cost of inventories included in cost of sales amounted to \$6,932,703 for the financial year ended 31 December 2021 (2020: \$2,855,310).

The Group has written off inventories included in cost of sales amounted to \$27,539 in the financial year ended 31 December 2021 (2020: \$9,613).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

22 TRADE AND OTHER RECEIVABLES

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

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

Trade receivables

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

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

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

The Group does not hold any collateral as security.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. No material loss allowance was recognised at 31 December 2021 and 31 December 2020.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

23 CASH AND BANK BALANCES

	2021 \$	2020 \$
Cash and cash equivalents		
– Fixed deposits with original maturities within three months	12,998,234	–
– Cash at banks	7,365,428	20,638,350
– Cash on hand	385	339
	20,364,047	20,638,689

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

	2021 \$	2020 \$
HK\$	417,290	861,165
S\$	19,942,714	19,773,603
US\$	4,043	3,921
	20,364,047	20,638,689

24 BANKING FACILITIES

The Group's banking facilities are secured by the Group's leasehold properties with carrying values totalling \$460,137 as at 31 December 2021 (2020: \$502,711) (Note 15). As at 31 December 2021, the Group undrawn banking facilities amounted to \$1,400,000 (2020: \$1,400,000).

25 SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Group as at 31 December 2021 represented the share capital of the Company.

	Number of ordinary shares	Share capital \$	Share premium \$
As at 1 January 2020, 31 December 2020 and 31 December 2021			
– Authorised	10,000,000,000	17,822,268	–
– Issued and fully paid	450,000,000	793,357	12,398,264

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

26 TRADE AND OTHER PAYABLES

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

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

Trade payables

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

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

	2021 \$	2020 \$
1 to 30 days	60,675	252,510
31 to 60 days	149	–
	60,824	252,510

27 CONTRACT LIABILITIES

Contract liabilities relate to advance consideration received from customers. Contract liabilities are recognised as revenue as (or when) the Company satisfies the performance obligations under its contracts.

The following table provides information about contract liabilities balances during the financial year:

	2021 \$	2020 \$	1.1.2020 \$
Trade receivables from contracts with customers	201,593	1,342,326	3,196,335
Contract liabilities	180,600	–	–

In 2021, contract liabilities increased significantly due to the Company billed and received consideration ahead in respect of sales of motor vehicles to customers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

28 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities	
	2021	2020
	\$	\$
At 1 January	47,365	85,723
Non-cash changes:		
– Finance cost	1,523	3,586
Cash flows:		
– Principal elements of payments	(40,420)	(38,358)
– Interest paid	(1,523)	(3,586)
At 31 December	6,945	47,365

29 PROVISION

Provision for warranty cost

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

	2021	2020
	\$	\$
At 1 January	84,596	183,948
Provision utilised	(56,400)	(45,486)
Reversal of unutilised warranty (Note 9)	(20,604)	(78,461)
Provision for warranty cost (Note 9)	20,641	24,595
At 31 December	28,233	84,596

30 DIVIDENDS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

31 COMMITMENT

Non-cancellable operating lease – where the Group is a lessor

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

	2021 \$	2020 \$
Not later than 1 year	111,400	126,300
Later than 1 year and not later than 5 years	37,050	64,600
	148,450	190,900

32 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.

- (a) In addition to the information disclosed elsewhere in the financial statement, the following set out the significant transactions carried out between the Group and its related parties in the ordinary course of business for the financial year ended 31 December 2021.

	2021 \$	2020 \$
With a corporate shareholder		
Payment on behalf	93,197	–

- (b) 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).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

33 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 December 2021 and 31 December 2020:

Company name	Country/ place of incorporation/ establishment	Issued and paid-up capital	Principal activities/ place of operation	Equity interest attributable to the Group	
				2021 %	2020 %
<i>Directly held by the Company</i>					
TOMO Enterprises Limited	BVI	1 Ordinary Share totaling US\$1	Investment holding/ Singapore	100	100
Giant Alliance Investments Holdings Limited	BVI	1 Ordinary Share totaling US\$1	Investment holding/ Hong Kong	100	100
Easy Grand International Holdings Limited	BVI	1 Ordinary Share totaling US\$1	Investment holding/ Hong Kong	100	100
<i>Indirectly held by the Company</i>					
TOMO-CSE Autotrim Pte Ltd	Singapore	200,000 Ordinary Shares totaling \$200,000	Engaged in the (i) design manufacture, supply and installation of passenger vehicle leather upholstery; (ii) supply and installation of vehicle electronic accessories; and (iii) supply automotive parts and motor vehicle/Singapore	100	100
TOMO Investment Limited	Hong Kong	1 Ordinary Share totaling HK\$1	Investment holding/ Hong Kong	100	–
TOMO-CSE Auto Development Limited	Hong Kong	1 Ordinary Share totaling HK\$1	Vehicle trading/Hong Kong	100	–
Hong Kong Green Financial Services Institute Limited	Hong Kong	100 Ordinary Share totaling HK\$100	Provision of professional services/Hong Kong	100	–
Hainan Kesen Hanlian Technology Co., Ltd.	PRC	–	Provision of professional services/PRC	100	–

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Note	2021 \$	2020 \$
Assets		
Non-current asset		
Investments in subsidiaries	4,958,631	4,958,631
Current assets		
Amounts due from shareholder	93,197	–
Amounts due from subsidiaries	21,001	6,315,018
Trade and other receivables	653,483	52,258
Cash and cash equivalents	13,415,833	739,335
Total current assets	14,183,514	7,106,611
Total assets	19,142,145	12,065,242
Equity		
Equity attributable to owners of the Company		
Share capital	793,357	793,357
Share premium	34 (a) 12,398,264	12,398,264
Other reserve	34 (a) 4,958,627	4,958,627
Accumulated losses	34 (a) (6,112,974)	(6,131,938)
Total equity	12,037,274	12,018,310
Liability		
Current liabilities		
Other payables	107,996	46,928
Amounts due to subsidiaries	6,996,875	4
Total liabilities	7,104,871	46,932
Total equity and liabilities	19,142,145	12,065,242

The statement of financial position of the Company was approved for issue by the Board of Directors on 31 March 2022 and were signed on its behalf.

Ms. Ma Xiaoqiu
 Director

Mr. Wong Chun Man
 Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2021

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

(a) Reserve movement of the Company

	Share premium \$	Other reserve \$	Accumulated losses \$	Total \$
At 1 January 2020	12,398,264	4,958,627	(5,884,188)	11,472,703
Loss and total comprehensive loss for the financial year	–	–	(247,750)	(247,750)
At 31 December 2020	12,398,264	4,958,627	(6,131,938)	11,224,953
Profit and total comprehensive loss for the financial year	–	–	18,964	18,964
At 31 December 2021	12,398,264	4,958,627	(6,112,974)	11,243,917

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.

FIVE YEARS FINANCIAL SUMMARY

RESULTS

	For the financial year ended 31 December				
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Revenue	14,534	17,818	16,487	6,185	9,710
Profit before income tax	1,116	5,252	3,068	273	89
Income tax (expense)/credit	(715)	(1,010)	(829)	(100)	29
Profit attributable to the owners of the Company for the financial year	401	4,242	2,239	173	118
Total comprehensive income attributable to the owners of the Company for the financial year	401	4,242	2,239	173	118

ASSETS AND LIABILITIES

	As at 31 December				
	2017 \$'000	2018 \$'000	2019 \$'000	2020 \$'000	2021 \$'000
Total assets	20,853	25,685	27,896	26,811	26,338
Total liabilities	1,925	2,515	2,487	1,229	638
Net assets	18,928	23,170	25,409	25,582	25,700
Equity attributable to owners of the Company for the financial year	18,928	23,170	25,409	25,582	25,700



TOMO Holdings Limited

