萬馬控股有限公司
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**

ANNUAL 年
REPORT 報
2022

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ms. Ma Xiaoqiu *(Chairlady)*

Non-executive Directors

Ms. Liu Xinyi
Mr. Wong Chun Man *(Vice-Chairman)*
(resigned on 1 February 2023)
Ms. Lyu Qiujia
Ms. Chen Jun (appointed on 1 February 2023)

Independent non-executive Directors

Mr. Jin Lailin
Ms. Lee Kit Ying
Mr. Peng Peng
Mr. Wang Zhongmin (resigned on 1 February 2023)

BOARD COMMITTEES

Audit Committee

Ms. Lee Kit Ying *(Chairlady)*
Mr. Jin Lailin
Mr. Peng Peng (appointed on 1 February 2023)
Mr. Wang Zhongmin (resigned on 1 February 2023)

Remuneration Committee

Ms. Lee Kit Ying *(Chairlady)*
Mr. Jin Lailin
Ms. Ma Xiaoqiu
Mr. Peng Peng
Mr. Wong Chun Man (resigned on 1 February 2023)
Mr. Wang Zhongmin (resigned on 1 February 2023)

Nomination Committee

Ms. Ma Xiaoqiu *(Chairlady)*
Ms. Liu Xinyi
Ms. Lee Kit Ying
Mr. Jin Lailin
Mr. Peng Peng
Mr. Wang Zhongmin (resigned on 1 February 2023)

COMPANY SECRETARY

Mr. Leung Ho Chi, *HKICPA, ACCA, HKICS*

AUTHORISED REPRESENTATIVES

Ms. Liu Xinyi
Mr. Wong Chun Man (resigned on 1 February 2023)
Mr. Leung Ho Chi (appointed on 2 February 2023)

AUDITOR

Prism Hong Kong and Shanghai Limited
Units 1903A-1905, 19/F, 8 Observatory Road
Tsim Sha Tsui, Kowloon
Hong Kong

REGISTERED OFFICE

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

HEADQUARTER AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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

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

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
17/F, Far East Finance Centre
16 Harcourt Road
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

Bank of Communications (Hong Kong) Limited
DBS Bank Limited
DBS Bank (Hong Kong) Limited

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 2022.

During the year 2022, the economy of Singapore was severely affected by the COVID-19 pandemic. The Group has experienced a challenging business environment for its existing business, which was also severely impacted by the COVID-19 pandemic prevention and control measures. To cope with the challenges, the Group had commenced a new motor vehicle trading business in Hong Kong in order to mitigate the unfavourable business condition. The Group attained a revenue of approximately S$16,340,000 for the year ended 31 December 2022, an increase of approximately S$6,630,000 as compared to approximately S$9,710,000 for the year ended 31 December 2021. The loss of the Group was approximately S$1,870,000 for the year ended 31 December 2022, as compared to the profit of approximately S$118,000 for the year ended 31 December 2021. This is primarily due to i) decrease in the revenue from passenger vehicle leather segment of approximately 45.0%; ii) decrease in the revenue from passenger vehicle electronic accessories segment of approximately 39.8%; iii) lower gross profit margins as a result of sales of products with lower margin; iv) decrease in other income; and v) increase in administrative expenses.

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

Looking ahead, the negative influence of the COVID-19 pandemic situation will soon be coming to an end with the significant boost of global vaccination rate and the lifting of the COVID-19 pandemic prevention and control measures in many countries, which are definitely beneficial to the economy of Singapore, particularly may result in an increase in sales of newly registered passenger vehicles in Singapore. The Group will remain focused on its existing businesses objectives in Singapore and Hong Kong and at the same time explore new business opportunities in order to diversify and expand the Group's business, especially in Web 3.0 Metaverse 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 2023

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 ("HKEx") on 13 July 2017 (the "Listing Date") and were transferred to be listed on the Main Board of the HKEx on 23 December 2019. During the year ended 31 December 2022 (the "Current Year"), the Company was approved for secondary listing on the Frankfurt Stock Exchange ("FSE") of Germany and its shares have been traded on the FSE under the trading symbol '5WZ'. The Company continues to have a primary listing on the Main Board of HKEx and its shares continues to be traded on the HKEx.

The Group experienced challenging business operation conditions with the impact of COVID-19 pandemic in the year ended 31 December 2022. Both business and consumer sentiment remained weak and the Group's current performance was significantly impacted.

According to the numbers released by the Land Transport Authority of Singapore, the total number of newly registered passenger vehicles in Singapore for the Current Year had decreased by approximately 14,500 units or 31.9% from approximately 45,500 units for the year ended 31 December 2021 (the "Corresponding Year"). The Certificate of Entitlement ("COE") quota available is lower in 2022 as compared to 2021. The COE prices are closed to 10 years high. Thus, the sales and demand for new car sales are low in 2022.

For the Current Year, the Group's revenue increased by approximately 68.3%, the gross profit decreased by approximately 41.0% and reported a loss of approximately S$1,870,000 for the Current Year. There was a profit of approixmately S$118,000 for the Corresponding Year. It was mainly due to an increase in sales of passenger vehicles in Singapore with lower margin and lower sales in both leather upholstery segment and electronic accessories segment in Current Year as compare to Corresponding Year.

BUSINESS PROGRESS

Below is the business progress of the Group up to 31 December 2022.

Upgrade existing facilities, acquire new machinery and premises

- The Group had acquired the heavy duty shelving for PV electronic accessories and leather upholstery.

- The Group had acquired new premises for showroom and workshop in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant to October 2023. We have setup the product display booths within our customers' workshops and service centres. With the current market situation, we deferred the renovation of the newly purchased properties as showroom and workshop.

- The Group had appointed a Consultant for the renovation of existing showroom. The Group had upgraded the existing PV leather upholstery work bay.

- The Group had acquired a new premise for warehouse in 2018. However, the Group had extended the lease agreement entered by the previous landlord with a tenant to October 2023. With the current market situation, we are in opinion to defer the renovation of the newly purchased property as warehouse. We plan to renovate the existing warehouse by the end of 2023.

- The Group had implemented the logistics management.

Strengthen our sales and marketing efforts

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

Upgrade and integrate of our information technology system

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

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

PROSPECTS

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

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

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

FINANCIAL REVIEW

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

Revenue

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

Gross profit

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

Other income

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

Other gains — net

Other gains — net increase by approximately S$251,000 from approximately S$19,000 of net gains for the Corresponding Year to approximately S$270,000 of net gains for the Current Year. Other gains – net mainly represent foreign exchange changes resulting from the settlement of foreign currency transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies and a reversal of unused customer rebate and fair value gain on investment properties.

Selling and distribution expenses

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

Administrative expenses

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

Loss for the year

The loss of the Group was approximately S$1,870,000 for the Current Year, as compared to the profit of approximately S$118,000 for the Corresponding year.

PRINCIPAL RISKS AND UNCERTAINTIES AND RISK MANAGEMENT

The Group is subject to a number of risks in the Group's business and the Group believes that risk management is important to the Group's success. Key business risks include, among others, the decrease or loss of business with our largest customer, maintaining of our reputation and customer services, stable supply of technicians and foreign workers for our services, reliance on suppliers for the PV leather upholstery, electronic accessories, automotive parts and motor vehicles, and single market business strategy. Our revenue substantially derived from sales to our largest customer and any decrease or loss of business with any Singapore subsidiaries of the largest customer and failure to maintain reputation and customer services could materially and adversely affect our business, financial conditions and results of operations. We also highly rely on a single market in developing our business and our business may be materially affected by the limitation on COE availability.

CAPITAL STRUCTURE, LIQUIDITY AND FINANCIAL RESOURCES

The capital of the Group comprises ordinary shares only.

As at 31 December 2022, the Group had net current assets of approximately S$12,787,000 (2021: approximately S$21,747,000) including cash and bank balances of approximately S$7,015,000 (2021: approximately S$20,364,000). The current ratio, being the ratio of current assets to current liabilities, was approximately 12.6 times as at 31 December 2022 (2021: 35.7 times). The decrease in the current ratio was mainly due to higher balances of trade and other payables and S$5,000,000 of financial assets at fair value through profit or loss as at 31 December 2022 compared to 31 December 2021.

The Group's operations were financed principally by revenues generated from business operations and available cash and bank balances. The Group did not have any debt as at 31 December 2022 (2021: NIL). There was no borrowing cost incurred during the Current Year (2021: NIL), hence no gearing ratio of the Group was presented.

USE OF PROCEEDS

The net proceeds from the Share Offer were approximately S$10,300,000 after deducting the Listing related expenses. These proceeds were intended to be applied in the manner as described in the section headed "Future Plans and Use of Proceeds" in the Prospectus.

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

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

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

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

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

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

EMPLOYEE INFORMATION

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

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

Total staff costs, including directors' emolument, amounted to approximately S$3,251,000 for the year ended 31 December 2022 (2021: approximately S$2,643,000).

MATERIAL ACQUISITIONS OR DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

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

Save as disclosed in note 20 and above, the Group had no other material acquisition and disposal of subsidiaries and affiliated companies during the Current Year.

CHARGES ON THE GROUP'S ASSETS

As at 31 December 2022, leasehold properties with carrying values totalling S$418,000 (2021: S$460,000) were pledged to secure the Group's banking facilities.

FOREIGN EXCHANGE EXPOSURE

The turnover and business costs of the Group were principally denominated in Singapore dollars. The Group has exposure to foreign exchange risk as a result of purchases that are denominated in currencies other than Singapore Dollar ("S$") and recognised assets and liabilities denominated in currencies other than S$. The foreign currencies giving rise to this risk are primarily the Hong Kong Dollar ("HK$"), the United States Dollar ("US$") and Australian Dollar ("AUD"). As at 31 December 2022, if the foreign currencies had weakened or strengthened by 10% against the S$ with all other variables held constant, post-tax loss for the Current Year would have been S$280,000 (2021: S$34,000) lower/higher, as a result of foreign exchange losses/gains on translation of HK$ denominated cash and bank balances (2021: foreign exchange losses/gains on translation of HK$ denominated cash and bank balances).

SIGNIFICANT INVESTMENTS HELD BY THE GROUP

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

CONTINGENT LIABILITIES

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

DIVIDEND

The Board does not recommend the payment of a final dividend for the Current Year (2021: Nil).

EVENT AFTER THE REPORTING PERIOD

Up to the date of this 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 62, is an 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 (stock code: 612) since 27 June 2017. She has served as the chairlady and a non-executive director of Fullwealth International Group Holdings Limited (stock code: 1034) since 14 January 2021. She has served as the chairlady and an executive director of Carry Wealth Holdings Limited (stock code: 643) since 1 February 2023. Shares of the above 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 34, is a 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 Yihewenhuachuanbo 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 (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.

Ms. Chen Jun (陳君女士) ("Ms. Chen"), aged 48, is a non-executive director of Company. Ms. Chen was appointed as a non-executive director on 1 February 2023. She has served as an executive director of Carry Wealth Holdings Limited (stock code: 643) since 1 February 2023. Shares of this company is listed on the Main Board of the Stock Exchange. Ms. Chen is currently the general manager of Shenzhen Changbaishan Tourism Cultural Management Limited* (深圳市長佰山旅遊文化管理有限公司). Prior to that, Ms. Chen was the regional manager of Shenzhen Win-Win Business Travel Business Consulting Co., Ltd.* (深圳市雙贏商旅商務諮詢有限公司) from February 2005 to October 2010. Ms. Chen received a bachelor's degree in Administration Management from Wuhan University in December 2015 and has accumulated extensive experience in sales and marketing and corporate management.

Ms. Lyu Qiujia (呂秋佳女士) ("Ms. Lyu"), aged 37, is a non-executive director of the Company. Ms. Lyu was appointed as a 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.

Mr. Wong Chun Man (王俊文先生) ("Mr. Wong"), aged 47, was a former non-executive director of the Company. Mr. Wong was appointed as a non-executive director on 21 July 2021 and resigned on 1 February 2023. He has been an executive director of Fullwealth International Group Holdings Limited (stock code: 1034) since 14 January 2021. He has been an independent non-executive director of Zhaobangji Properties 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.

DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ms. Lee Kit Ying (李潔瑩女士) ("Ms. Lee"), aged 40, is an independent non-executive director of the Company. Ms. Lee was appointed as an 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 58, is an independent non-executive director of the Company. Mr. Jin was appointed as an 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 45, was a former independent non-executive director of the Company. Mr. Wang was appointed as an independent non-executive director on 21 July 2021 and resigned on 1 February 2023. 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 56, is an independent non-executive director of the Company. Mr. Peng was appointed as an 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 (stock code: 1034) since 14 January 2021. Mr. Peng has been an independent non-executive director of Carry Wealth Holdings Limited (stock code: 643) since 1 February 2023. Shares of both companies are listed on the Main Board of the Stock Exchange.

COMPANY SECRETARY

Mr. Leung Ho Chi (梁浩志先生) ("Mr. Leung"), aged 48, 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 26 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 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 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 2022, the Company had complied with all the code provisions (the "Code Provision") as set under the CG Code.

A healthy corporate culture across the Group is integral to attain its vision and strategy. It is the Board's role to foster a corporate culture with the following core principles and to ensure that the Company's vision, values and business strategies are aligned to it.

The Group strives to maintain high standards of business ethics and corporate governance across all our activities and operations. The Directors, management and staff are all required to act lawfully, ethically and responsibly, and the required standards and norms are explicitly set out in the training materials for all new staff and embedded in various policies such as the Group's staff handbook (including therein the guiding provisions on the code of conduct), the anti-corruption policy and the whistleblowing policy of the Group. The Group requires all employees to familiarize themselves with the policies, ensuring that each employee understands the importance in maintaining the highest ethical standard.

The Group believes that the culture of commitment to workforce development, workplace safety and health, diversity, and sustainability is one where people have a feeling of commitment and emotional engagement with the Group's mission. This sets the tone for a strong, productive workforce that attracts, develops, and retains the best talent to produce the highest quality output. Moreover, the Company's strategy in the business development and management are to achieve long-term, steady and sustainable growth, while having due considerations from environment, social and governance aspects.

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 2022.

BOARD OF DIRECTORS

Board Composition

The composition of the Board for the year ended 31 December 2022 and up to the date of this report were:

Executive Directors:

Ms. Ma Xiaoqiu *(Chairlady)*

Non-Executive Directors:

Ms. Liu Xinyi (appointed on 21 July 2021)
Ms. Chen Jun (appointed on 1 February 2023)
Ms. Lyu Qiujia (appointed on 21 July 2021)
Mr. Wong Chun Man (resigned on 1 February 2023)

Independent non-executive Directors:

Mr. Jin Lailin
Ms. Lee Kit Ying
Mr. Peng Peng
Mr. Wang Zhongmin (resigned on 01 February 2023)

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 or 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 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.

The Board adopted a board diversity policy (the "Board Diversity Policy") and discussed all measurable objectives set for implementing the Board Diversity Policy. The Company embraced the benefits of having a diverse Board, as such, the Board Diversity Policy aimed to set out the approach to maintain diversity of the Board. A summary of the Board Diversity Policy, together with the measurable objectives set for implementing the Board Diversity Policy, and the progress made towards achieving those objectives are disclosed as below.

The Company recognises and embraces the benefits of diversity of Board members. It endeavours to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the Board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience.

The Nomination Committee will disclose the composition of the Board annually in the corporate governance report and monitor the implementation of this Policy.

The Board currently comprises 5 female directors and 4 male directors and the Board considers have achieved gender diversity on the Board. The Nomination Committee will continue to ensure gender diversity is attained the Board level by strictly adhering to the Board Diversity Policy and ensure a robust pipeline of male and female successors to our Board in the near future.

Directors' Attendance Records

During the year ended 31 December 2022, 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 2022 are set out below:

Name of Director	Attendance/ Number of Board meetings held
Executive Directors	
Ms. Ma Xiaoqiu	4/4
Non-executive Directors	
Ms. Liu Xinyi	4/4
Ms. Chen Jun (appointed on 1 February 2023)	0/0
Ms. Lyu Qiujia	4/4
Mr. Wong Chung Man (resigned on 1 February 2023)	4/4
Independent non-executive Directors	
Ms. Lee Kit Ying	4/4
Mr. Jin Lailin	4/4
Mr. Peng Peng	4/4
Mr. Wang Zhongmin (resigned on 1 February 2023)	4/4

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 2022.

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

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

Corporate Governance Functions

The Board is responsible for performing the functions set out in the Code Provision A.2.1 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 C.1.4, 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 three committees, namely the audit committee (the "Audit Committee"), remuneration committee (the "Remuneration Committee"), and nomination committee (the "Nomination 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 D.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 2022 for the purposes of, among other things, considering and approving the annual financial results for the year ended 31 December 2021, the interim financial results for the six months ended 30 June 2022 and discussion of audit plan for the year ended 31 December 2022 respectively. The details of attendance are set out below:

Audit Committee Members	Attendance/ Number of meetings held
Ms. Lee Kit Ying	3/3
Mr. Jin Lailin	3/3
Mr. Peng Peng (appointed on 1 February 2023)	0/0
Mr. Wang Zhongmin (resigned on 1 February 2023)	3/3

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. Peng Peng and Mr. Wang Zhongmin (resigned on 1 February 2023). 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 2022 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	1/1
Ms. Liu Xinyi	1/1
Ms. Lee Kit Ying	1/1
Mr. Jin Lailin	1/1
Mr. Peng Peng	1/1
Mr. Wang Zhongmin (resigned on 1 February 2023)	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 E.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 (resigned on 1 February 2023), Ms. Lee Kit Ying, Mr. Jin Lailin, Mr. Peng Peng and Mr. Wang Zhongmin (resigned on 1 February 2023). 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.

The Remuneration Committee held 1 meeting during the year ended 31 December 2022 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	1/1
Ms. Lee Kit Ying (appointed on 21 July 2021)	1/1
Mr. Jin Lailin (appointed on 21 July 2021)	1/1
Mr. Peng Peng (appointed on 15 October 2021)	1/1
Mr. Wang Zhongmin (resigned on 1 February 2023)	1/1
Mr. Wong Chun Man (resigned on 1 February 2023)	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, Prism Hong Kong and Shanghai Limited is set out in the section headed "Independent Auditor's Report" of this report.

Risk Management and Internal Control

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

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

The Group has established internal control systems covering corporate governance, financial reporting, revenue, expenditure management, human resources, treasury and general computer controls. The Board had reviewed the effectiveness of the internal control and risk management systems of the Group to ensure that a sound system is maintained and operated by the management in compliance with the agreed procedures and standards. The review covered all material controls, including financial, operational and compliance controls, risk management functions, the adequacy of resources, staff qualifications and experience, environmental, social and governance performance and reporting, 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 Group is committed to achieving and maintaining the highest standards of openness, integrity and accountability. The Company established policies and systems that promote anti-corruption laws (including whistle-blowing policy) for employees and those who deal with the Company to raise concerns to the management or the Audit Committee about any possible improprieties. For details of the anti-corruption policies adopted by the Group, please refer to the section headed "Anti-corruption" in the Environmental, Social and Governance Report.

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 2022 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.

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, Prism Hong Kong and Shanghai Limited, for audit services and non-audit service amounted to approximately S$75,000 and S$Nil, respectively for the Current Year.

There was no non-audit service provided by Prism Hong Kong and Shanghai Limited 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.

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 Act (as revised). 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 and to put their views on matters affecting the Company.

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.

The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Members of the Board, in particular, the chairlady/chairman of the Board committees or their delegates and external auditor will use all reasonable efforts to attend annual general meetings and to answer the questions of the shareholders.

The Company has reviewed the implementation and effectiveness of its shareholders communication policy and conclude that the policy is effective. Shareholders are given clear guidance in this Corporate Governance Report on how and when it can communicate with the Company, and are provided with regular updates on the Group's financial performance, strategic direction, and material business developments. In addition, our shareholders communication policy is regularly reviewed and updated to reflect changes in regulatory landscape and best practices, ensuring that the Company remains responsive to evolving shareholders' expectations and needs.

Articles of Association

During the Current Year, in order to comply with the latest requirements under the Listing Rules, the Board has put forward a special resolution to adopt a new memorandum and articles of association at an extraordinary general meeting and such special resolution has been passed with effect from 21 July 2022. A copy of the latest amended and restated memorandum and articles of association is available on the websites of the Company and the Stock Exchange.

Save as disclosed above, there had been no other 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 2022 (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 7 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 74 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 (2021: N/A).

DONATIONS

During the Current Year, charitable and other donations made by the Group amounted to S$Nil (2021: S$Nil).

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 17 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 28 to the consolidated financial statements for the Current Year.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Company's reserves available for distribution, calculated in accordance with the Companies Act (as revised) of the Cayman Islands, amounted to approximately S$5,167,000 (2021: approximately S$6,285,000).

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 Current Year or subsisted at the end of the Current 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.

DIRECTORS' REPORT

FIVE YEARS FINANCIAL SUMMARY

A summary of the published results, assets and liabilities of the Group for the last five financial years is set out on page 140 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 HKEx. On 23 December 2019, the shares of the Company have been transferred to be listed on the Main Board of HKEx by way of transfer of listing from GEM, and subsequently delisted from GEM. During the Current Year, the Company was approved for secondary listing on the Frankfurt Stock Exchange ("FSE") of Germany and its shares have been traded on the FSE under the trading symbol '5WZ'. The Company continues to have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx") and its shares have continued to be traded on the HKEx. Neither the Company nor any of its subsidiaries had purchased, sold and redeemed any of the Company's listed securities after the Listing and up to the date of this report.

SHARE OPTION SCHEME

A share option scheme (the "Share Option Scheme") has been adopted by passing of written resolutions by the then shareholders of the Company and was effective on 23 June 2017. Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years from the date of its adoption. During the period from 23 June 2017 to the date of this report, no share options had been granted by the Company.

(a) Purpose of the Share Option Scheme

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

(b) Who may join and basis of eligibility

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

(c) Maximum number of shares

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

(d) Maximum entitlement of each participant

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

(e) Time of exercise of option

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

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

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

(g) Grant of options and acceptance of offers

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

(h) Price of Shares

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

DIRECTORS

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

Executive Directors

Ms. Ma Xiaoqiu *(Chairlady)*

Non-executive Directors

Ms. Liu Xinyi
Mr. Wong Chun Man *(Vice-Chairman)* (resigned on 1 February 2023)
Ms. Chen Jun (appointed on 1 February 2023)
Ms. Lyu Qiujia

Independent non-executive Directors

Mr. Jin Lailin
Ms. Lee Kit Ying
Mr. Peng Peng
Mr. Wang Zhongmin (resigned on 1 February 2023)

Pursuant to the Articles of Association, Ms. Lee Kit Ying, Mr. Jin Lailin 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 or 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 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 the 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 12(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 36 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.

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** *(Note 1)*	**Approximately percentage of shareholding of the Company**
Ms. Ma Xiaoqiu	Interest in controlled corporation *(Note 2)*	230,000,000 (L)	51.11%

Notes:

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

(2) The entire issued share capital 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** *(Note 1)*	**Approximately percentage of shareholding of the Company**
Ms. Ma Xiaoqiu	Interest in controlled corporation *(Note 2)*	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	18.4%
– five largest suppliers in aggregate	66.2%

Sales

– the largest customer	48.3%
– five largest customers in aggregate	91.6%

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.

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 2022, 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 2022 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.

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 21 of this annual report.

LOANS AND BORROWINGS

The Group did not have bank loans or other borrowings as at 31 December 2022.

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.

DIRECTORS' REPORT

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on Wednesday, 17 May 2023. 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, 12 May 2023 to Wednesday, 17 May 2023, 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 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 11 May 2023.

AUDITOR

Baker Tilly TFW LLP ("Baker Tilly") resigned as the auditor of the Company with effect from 21 September 2022 and Prism Hong Kong and Shanghai Limited was then appointed as the auditor of the Company following the resignation of Baker Tilly.

The consolidated financial statements have been audited by Prism Hong Kong and Shanghai Limited who retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of Prism Hong Kong and Shanghai Limited 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 2023

1. HIGHLIGHTS

1.1 Corporate Profile

TOMO Holdings Limited (TOMO or the 'Company') and its subsidiaries (collectively, the 'Group') are principally engaged in the sale of automotive parts and motor vehicles, as well as the passenger vehicle (PV) leather upholstery and electronic accessories businesses in Singapore.

For the sale of automotive parts and motor vehicles, the Group supplies automotive parts and motor vehicles to passenger vehicle distributors and dealers, primarily located in Singapore.

In the passenger vehicle (PV) leather upholstery business, the Group supplies and installs custom-fitted leather upholstery for PV seats and also provides leather wrapping for other PV interior products such as door panels, headrests, and armrests.

The electronic accessories business is divided into two sub-segments:

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

(ii) Safety and security accessories, which include the supply and installation of products that improve driver and passenger safety and security, such as digital video recorders, reverse cameras, 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 and subsequently 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 ("ESG") Report for the financial year ended 31 December 2022 ("FY2022").

TOMO is firmly committed to becoming the preeminent automotive-related service provider offering sales of motor vehicles, automotive parts, PV leather upholstery and electronic accessories to our customers. With a steadfast focus on exceptional quality and customer service, TOMO strives to exceed the expectations of our customers and become the go-to choice for all their automotive needs.

At TOMO, we believe in embedding responsible business practices into every aspect of our operations. We strive to build trust with our shareholders, customers, business partners, employees, and all stakeholders by maintaining open lines of communication and addressing their concerns in a timely and effective manner.

Our commitment to responsible business practices is reflected in our FY2022 Environmental, Social, and Governance Report. In this report, we highlight TOMO's performance on a range of material topics that matter most to our business stakeholders, including product quality and safety, supply chain management, equal opportunities, diversity and anti-discrimination, and preventing bribery and corruption. We continue to explore opportunities to improve our performance on these topics and have implemented key initiatives that enable us to create long-term sustainable value for all stakeholders.

As part of our strategy formulation, the Board of Directors has taken sustainability issues into consideration and determined the most material ESG factors. We also oversee the management and monitoring of these ESG factors to ensure we meet our commitments to our stakeholders. Moving forward, we remain dedicated to enhancing our performance on these material topics and delivering sustainable value to all our stakeholders.

On behalf of the Board of Directors

(NAME)
(Designation)

(Date)

1.3 Scope of Sustainability Report

This is TOMO's 5th ESG report covering nonfinancial performance and related management approach disclosures for FY2022.

1.3.1 Reporting Boundaries

The report covers the Group's primary business activities in TOMO-CSE Autotrim Pte Ltd ("TOMO-CSE"), which operates in Singapore. The report's scope includes our core business in the sale of automotive parts and motor vehicles, PV leather upholstery, and electronic accessory sales in Singapore. This should sufficiently address stakeholders' concerns in relation to sustainability issues arising from the major business operations of the Group.

The aspect boundaries "within" the organisation are limited to TOMO-CSE, whereas the aspect boundaries "outside" the organisation include community, customers, employees, governments and regulatory authorities, investors, and suppliers.

1.3.2 Reporting Standards

The ESG report has been prepared with reference to the Global Reporting Initiative ("GRI") 2021 Standards. The GRI standards is an internationally recognised framework and has been selected by the Group for its universal application for reporting on a range of economic, environmental and social performance. GRI reporting principles have been adopted for defining TOMO's sustainability reporting content and quality.

The ESG report is also prepared in compliance with the ESG Reporting Guide as set out in Appendix 27 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") issued by HKEX.

1.3.3 Restatements

In light of changes to our business activities, particularly the significant contribution of revenue from the sale of automotive parts and motor vehicles, which accounted for 83.6% of our total revenue in FY2022, we have carefully considered how to accurately measure the intensity of our ESG performance.

Given that these business activities are not conducted in our existing facilities, it is no longer appropriate to compute intensity based on per square foot (sq. ft) as we have done in the past. Instead, we have adopted a per thousand revenue approach to ensure that the intensity of our ESG performance is more aligned with our current business activities.

This reflects our commitment to continually review and refine our sustainability reporting practices to provide stakeholders with the most accurate and relevant information possible.

1.3.4 Sustainability Contact

We welcome feedback on our sustainability practices and reporting at comsec@tomogrouphk.com.

1.3.5 Other Information

Please also refer to the following:

- Appendix A: Sustainability Scorecard, Appendix B: GRI Content Index, and Appendix C: HKEX ESG Reporting Guide Index for the summary of data and information disclosed as per GRI Standards and HKEX ESG reporting requirements; and

- Appendix D: Methodologies and Data Boundaries, which includes the description on data boundaries and units used in this report.

The data and information provided within the report have not been verified by an independent third party. We have relied on internal data monitoring and verification to ensure accuracy.

1.4 Our Approach to Sustainability

TOMO is committed to a sustainable approach to business that generates long-term value for all stakeholders, including customers, employees, investors, and the wider community. Our sustainability strategy aims to create integrated value for all stakeholders through our environmental, social, and operating practices and supporting our local community, as detailed below:

1.5 ESG Governance Structure

Leadership

- The Board of Directors establishes the sustainability strategies while the Management sees through the implementation of the sustainability framework.

Organisers

- The Financial Controller (FC) is charged with organising and coordinating the sustainability works of all departments.

Executives

- Relevant head of various departments are responsible for the implementation of sustainability works.

The Group believes that sound ESG governance strategies and practices are the keys to enhancing its investment value, thereby bringing long-term returns for its stakeholders. The board of directors (the "Board") oversight of ESG issues would typically involve a range of activities and responsibilities which may include:

- **Reviewing and setting ESG policies** that align with the Group's values and long-term goals, and periodically reviews and updates these strategies to ensure they remain relevant;

- **Identifying and managing material ESG risks** that may impact the Group's long-term performance and reputation and ensure that adequate risk management processes are in place to mitigate these risks;

- **Monitoring and overseeing ESG performance** and ensures that it is accurately reported to stakeholders, including the review of ESG data and metrics, as well as assessment of the progress against targets and benchmarks;

- **Ensuring accountability of senior management** for ESG performance and that appropriate incentives and measures are in place to drive performance; and

- **Engaging with stakeholders**, including investors, customers, employees, and regulators, to understand their perspectives on ESG issues and to ensure that the Group's ESG strategies are aligned with stakeholder expectations.

Overall, the Board's oversight of ESG issues is important to ensure that the Group is managing ESG risks and opportunities in a way that aligns with the Group's long-term strategy, values, and purpose. This can help to enhance the Group's reputation, reduce risks, and drive sustainable value creation for all stakeholders.

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

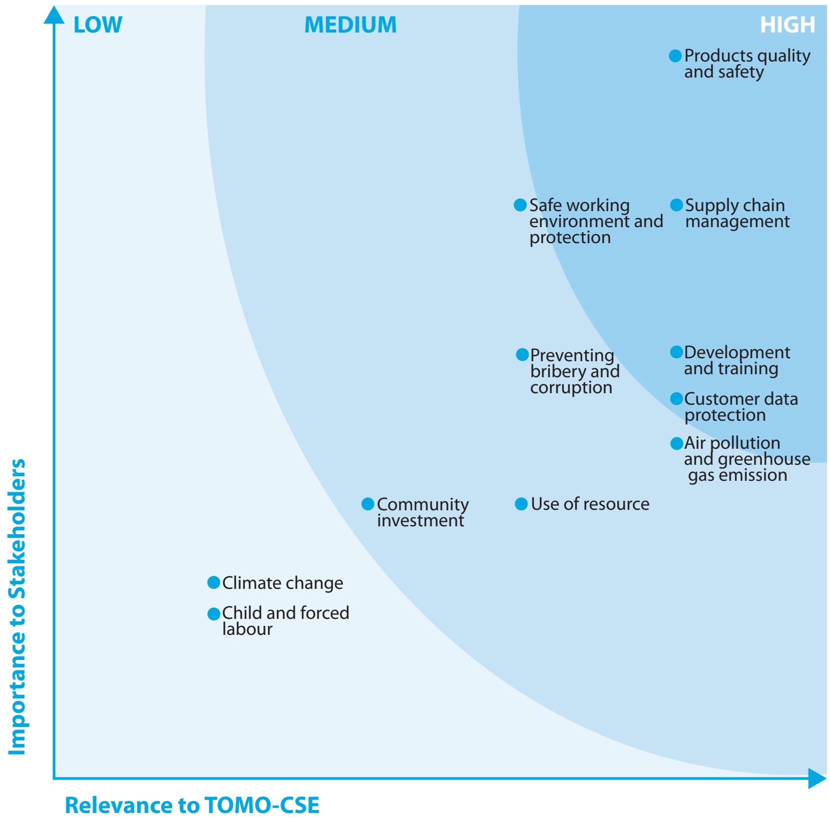
We listen to our stakeholders and engage with them on an ongoing and ad hoc basis. An overview of our approach and rationale is set out below (with stakeholders listed in alphabetical order), together with the feedback we have received.

Stakeholder	How we engage	Frequency	Key Feedback/Issues
Employees	Performance appraisal Employee training and development Feedback to supervisor Site meeting and discussion	Annual Ad-hoc Ad-hoc Bi-monthly	• Employee safety and health • Training and development opportunities • Remunerations and welfares • Fair and competitive • Employment practices
Customers	Quality management system Project progress monitoring Customer feedback channels	Perpetual Monthly Ad-hoc	• High quality and reliability of our products • Timely response to customer complaints • Data privacy and confidentiality
Suppliers	Supplier meetings Informal communication	Ad-hoc Ad-hoc	• Fair and robust procurement system • Prompt payment cycles • Feedback on product quality
Investor	Annual/Extraordinary general meeting Financial result announcements HKEX announcements Annual report	Annual Bi-annual Ad-hoc Annual	• Return on investment • Business growth • Compliance with listing requirements • Timely and transparent reporting
Government/ Regulatory Authorities	Meetings, briefings and regular reporting Correspondences through emails and letters	Ad-hoc Ad-hoc	• Compliance with laws and regulations • Safe working environment • Environmentally sustainable business practices
Community	Donations to the local communities ESG reporting	Annual Annual	• Contribution to the local community • Sustainable use of resources • Reduction of air and waste pollution

1.6.2 Materiality Assessment

We engage with our stakeholders via various means, as outlined in Section 1.6.1 above, to gather feedback on ESG topics. These issues were then prioritised in order of their importance to stakeholders as well as their impact on the business. Based on the management discussions and stakeholder engagement exercise, we identified 11 key ESG topics that are important to TOMO-CSE. These topics have been selected based on their potential to create sustainable value for stakeholders, improve our business operations, and align with our sustainability strategy.

The following graph shows the summary of the results:



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

1.7 Our Performance

1.7.1 How We Measure Our Performance

Our sustainability strategy is embedded into the appropriate parts of our business, with dedicated teams for each focus area, and coordination by our relevant departmental managers.

Progress will be tracked in two key ways: measuring performance against metrics, and evaluating how well the programmes have advanced through a series of "commitments".

Metrics and targets

We have established key performance indicators for each of the four focus areas outlined in our sustainability strategy. Periodically, we plan to introduce new metrics and update targets to ensure alignment with our strategy.

Commitments

To ensure we have a robust sustainability programme in place, we have included the key commitments for each area of our sustainability strategy. The progress we have made against each key commitment is indicated using the symbols shown in the table below.

We track and review our sustainability programme with the Board of Directors at least once a year.

Symbols used to indicate progress against commitments

N				
New commitment	**Not started**	**In progress**	**Complete**	**Ongoing commitment**

1.7.2 Supporting United Nations Sustainable Development Goals ("UN SDGs")

In order to ensure that our sustainability efforts are comprehensive and effective, we have incorporated the core commitments for each of the key areas within our sustainability strategy. Our approach has been guided by the United Nations Sustainable Development Goals, which have provided a framework for us to align our objectives with broader global sustainability targets.

By integrating these commitments throughout our sustainability program, we aim to build a robust and impactful strategy that addresses the environmental, social, and economic challenges facing our organization and our stakeholders.

Goals	How we support
3 Good health and well-being	The health and well-being of our workforce are a top priority. To this end, we have implemented a comprehensive set of policies and procedures that cover all aspects of workplace safety, from identifying hazards and assessing risks to preventing injuries and responding to emergencies. These policies and procedures are regularly reviewed and updated to ensure that they align with the latest industry standards and best practices. We believe that promoting a culture of safety is key to creating a positive work environment where our employees feel valued and supported. By prioritizing safety at all times, we are committed to promoting the health and well-being of our workforce and creating a safe and secure workplace for everyone. For our commitment, please refer to "**Aspect B2: Health and Safety**".
5 Gender equality	We are deeply dedicated to advancing gender equality by implementing policies and practices that eradicate gender-based discrimination, ensure equal opportunities, and foster diversity and inclusivity. We firmly believe that engaging with all stakeholders, especially women and girls, is fundamental to achieving true gender equality and empowering women and girls alike. For our commitment, please refer to "**Aspect B1: Employment**".
8 Decent work and economic Growth	We are deeply committed to promoting decent work and economic growth, and this is reflected in our ongoing efforts to make a positive impact on the communities and economies in which we operate. Our approach includes fostering fair employment practices, investing in the development of our employees, and engaging with local stakeholders to support and facilitate local economic development. For our commitment, please refer to "**Aspect B1: Employment**" and "**Aspect B5: Supply Chain Management**".
13 Climate action	We recognize the urgent need for climate action and are committed to reducing our greenhouse gas (GHG) emissions through a range of measures, including energy-efficient building design and sustainable operations practices. We regularly assess our GHG emissions and strive to continuously improve our environmental performance. Our efforts to reduce our carbon footprint reflect our commitment to addressing climate change and creating a more sustainable future for our business, our stakeholders, and the planet. For our commitment, please refer to "**Aspect A1: Emissions**".

We are proud to support a range of UN SDGs through our business operations and community initiatives. From promoting sustainable cities and communities to reducing inequalities and climate action, we are committed to making a positive impact on the environment and society.

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

TOMO-CSE has ensured compliance with all relevant environmental laws in Singapore, where the company operates. As of FY2022, TOMO-CSE has not been in violation of any laws or regulations pertaining to waste gas or GHG emissions, water or land discharging, and hazardous or non-hazardous waste disposal.

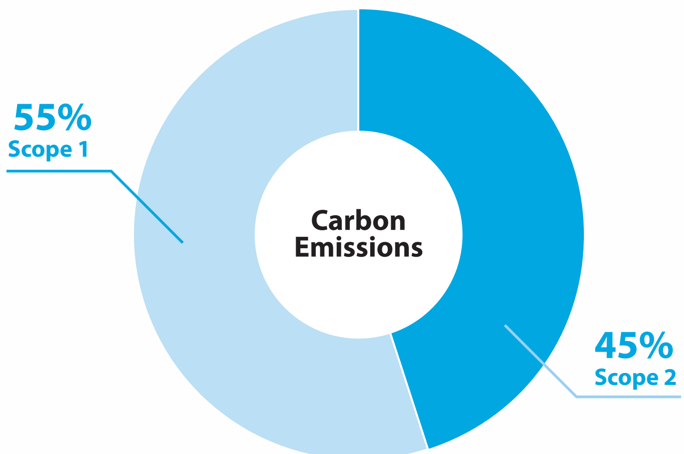
Air and GHG emissions

Climate change poses significant and genuine risks and warrants urgent action. The increase in atmospheric carbon emissions is causing a warming effect, which could have catastrophic impacts on the planet. There is a widespread consensus among the scientific and policy communities that it is crucial to take measures to evaluate and address these risks accurately.

At TOMO-CSE, we are committed to positive action on climate change and dedicated to reducing the risk in the most efficient way for society by reducing GHG emissions in our operations.

Currently, our carbon footprint includes the following:

- All fuels used directly by TOMO-CSE (Scope 1 emissions)
- All purchased electricity used in our offices (Scope 2 emissions)



Scope 3 emissions from our suppliers and other third parties are currently being determined and are not included in the report at this time. However, we recognize the importance of these emissions and are actively working to identify and assess them. We will include them in future reports once we have the necessary data and insights to accurately measure and evaluate them.

In FY2022, TOMO-CSE generated air and GHG emissions of 45.9 tonnes of carbon dioxide emission (tCO_2e) with a carbon emission intensity of 4.3 kilograms of carbon dioxide emission ($kgCO_2e$) per thousand dollars (S$) of revenue. The total carbon emission intensity reduced by 31.7% year-on-year, primarily due to a 10.6% decrease in Scope 1 emissions and 38.1% decrease in Scope 2 emissions.

The significant decrease in total carbon emissions intensity from FY2021 was mainly due to a reduction in activities related to PV leather upholstery, which involved the consumption of electricity in the workshop, and the service team's use of fleet vehicles for mobile services.

To achieve our FY2022 targets and reduce our carbon footprint, we implemented the following best practices for our fleet vehicles:

- Regular maintenance to ensure optimal engine condition and diesel usage efficiency.
- Improved trip planning to minimize unnecessary trips between workshops.
- Replacing older fleet vehicles with more fuel-efficient diesel vehicles.

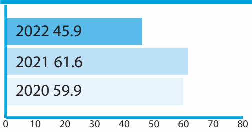
Hazardous and Non-hazardous wastewater

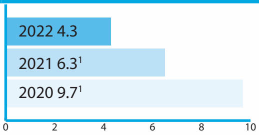
TOMO-CSE's wastewater is solely composed of domestic wastewater, and the company did not generate any hazardous wastewater in FY2022. The company has established internal policies, as elaborated in section 'A.2. Use of Resources,' to reduce water usage and subsequently minimize wastewater emissions.

Hazardous and Non-hazardous solid waste

TOMO-CSE's solid waste is primarily composed of domestic solid waste and packaging and material waste resulting from the company's operations. These wastes are collected, source-separated, and recycled before being disposed of. No hazardous solid waste was generated in FY2022. The company has established internal policies, as outlined in section 'A.2. Use of Resources,' to reduce paper usage and subsequently minimize non-hazardous solid waste emissions.

Commitments: Environmental

	Total carbon emissions (tCO_2e)	FY2022 progress
Maintain total carbon emissions below the FY2020 baseline		• We had achieved the target by reducing at least 3% in total carbon emissions compared to the previous year. • Our total carbon emissions have decreased from 61.6 tCO_2e to 45.9 tCO_2e compared to the previous year. • We are committed to maintaining our total carbon emissions below the FY2020 baseline. • We will continue to monitor and reduce our carbon footprint to promote a sustainable future for our business, stakeholders, and the planet.

	Carbon emissions intensity ($kgCO_2e$/S$'000)	FY2022 progress
Maintain carbon emissions intensity per thousand dollars (S$) of revenue ($kgCO_2e$/S$'000) below FY2020 baseline		• We had achieved the target by reducing at least 3% in carbon emissions intensity compared to the previous year. • Our GHG emissions intensity has decreased from 6.3 $kgCO_2e$ to 4.3 $kgCO_2e$/S$'000 compared to the previous year. • We are committed to maintaining our carbon emissions intensity below the FY2020 baseline. • We will continue to monitor and reduce our carbon footprint to promote a sustainable future for our business, stakeholders, and the planet.

1 Restated.

2.2 Aspect A2: Use of Resources

TOMO-CSE believes that efficient resource utilization, including energy, water, and raw materials, is vital to protect the environment. In FY2022, we successfully decreased fuel and electricity consumption by 14.1% and 5.7% respectively, leading to an overall decrease in energy consumption of 11.2%. The reasons for the decrease in energy consumption are detailed in Aspect A2 below.

Moreover, TOMO-CSE reports a 9.5% reduction in water consumption compared to the previous year, which can be attributed to the company's decreased business activities and sales. We remain committed to sustainable practices and policies that will allow us to conserve resources and minimize our environmental impact.

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 FY2022, resources consumed by TOMO-CSE have purchased electricity, diesel, water, and paper.

Direct fuel

TOMO-CSE's fuel consumption is mainly from diesel consumed for the fleet vehicles. In FY2022, the total diesel consumption of TOMO-CSE was 90,550 kilowatt-hours (kWh) (with an intensity of 8.6 kWh/S$'000), a decrease of 20.9% compared to the previous year. The reasons for the decrease in diesel consumption are explained in Aspect A1 above. To achieve the targets for FY2023, TOMO-CSE has implemented better route planning strategies aimed at reducing the diesel consumption of fleet vehicles. Through this initiative, TOMO-CSE aims to minimize the impact on the environment and improve sustainability practices.

Purchased electricity

TOMO-CSE's electricity consumption came from regular operations of the office and machinery at its workshops. In FY2022, the total electricity consumption of TOMO-CSE was 50,543 kWh (with an intensity of 4.79 kWh/S$'000), a slight decrease of 13.2% compared to the previous year. The reasons for the decrease in electricity consumption are explained in Aspect A1 above.

To achieve the target for FY2022, TOMO-CSE has replaced 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 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 the temperature of air conditioners to 25°C

Water consumption

TOMO-CSE's water consumption is mainly from domestic water use. In FY2022, the total water consumption of TOMO-CSE was 249 m^3 (with an intensity of 0.02 m^3/S\$'000), a decrease of 33.3% compared to the previous year.

To achieve the target for FY2023, TOMO-CSE adopted the following practices:

- Place posters on 'Saving Water' to encourage water conservation

- Strengthen the inspection and maintenance of water taps and fix any dripping taps immediately to avoid wastage

- Use water-saving equipment

Paper

The paper was mainly consumed by TOMO-CSE's office. TOMO-CSE will continue tracking the usage of this resource starting in FY2023. 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

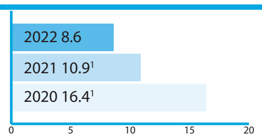
There was no significant packaging material used in operation.

Commitments: Use of Resources

Fuel consumption intensity (kWh/S$'000)

FY2022 progress

Maintain fuel consumption intensity per thousand dollars (S$) of revenue (kWh/S$'000) below the FY2020 baseline

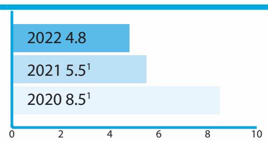


- We achieved the target by reducing at least 3% fuel consumption intensity compared to the previous year.
- The fuel consumption intensity decreased from 10.9 kWh/S$'000 to 8.6 kWh/S$'000 compared to the previous year.
- We are committed to maintaining our fuel consumption intensity below the FY2020 baseline.

Electricity consumption intensity (kWh/S$'000)

FY2022 progress

Electricity consumption intensity per thousand dollars (S$) of revenue (kWh/S$'000) below FY2020 baseline

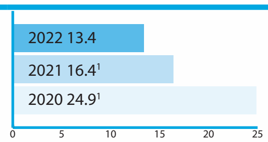


- We achieved the target by reducing at least 3% in electricity consumption intensity compared to the previous year.
- The electricity consumption decreased from 5.5 kWh/S$'000 to 4.8 kWh/S$'000 compared to the previous year.
- We are committed to maintaining our electricity consumption intensity below the FY2020 baseline.

Energy consumption intensity (kWh/S$'000)

FY2022 progress

Maintain energy consumption intensity per thousand dollars (S$) of revenue (kWh/S$'000) below FY2020 baseline

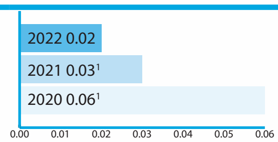


- We achieved the target by reducing at least 3% in energy consumption intensity compared to the previous year.
- The energy consumption decreased from 16.4 kWh/S$'000 to 13.4 kWh/S$'000 compared to the previous year.
- We are committed to maintaining our energy consumption intensity below the FY2020 baseline.

Water consumption intensity per production (m^3/S$'000)

FY2022 progress

Maintain water consumption intensity per thousand dollars (S$) of revenue ($m^3$/S$'000) below FY2020 baseline



- We achieved the target by reducing at least 3% water consumption intensity compared to the previous year.
- The water consumption decreased from 0.03 m^3/S$'000 to 0.02 m^3/S$'000 compared to the previous year.
- We are committed to maintaining our water consumption intensity below the FY2020 baseline.

[1] Restated.

2.3 Aspect A3: Environment and Natural Resources

TOMO-CSE is committed to minimizing the impact of our operations on the environment and natural resources. Our efforts to reduce electricity and fuel consumption have helped us to lower our greenhouse gas emissions, demonstrating our dedication to sustainable business practices. Our business operations do not result in a significant impact on the environment and natural resources.

Our unwavering commitment to safeguarding the environment in all the areas we operate is reflected in our efforts to take effective measures towards reducing our electricity and fuel consumption, which in turn helps to lower our carbon emissions.

2.4 Aspect A4: Climate Change

Although TOMO-CSE has not faced any significant climate-related issues that have had an impact on us or are likely to in the future, we recognize the importance of being proactive in identifying and mitigating any potential climate-related risks. To this end, we are establishing policies focused on precisely this aim. We remain committed to staying ahead of the curve and continuing to take decisive action to address any climate-related issues that may arise in the future.

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 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.

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 FY2022, 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, a description of the position, a collection of job applications, an 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 the policy on prevention of dismissal purely on employees' gender, marital status, pregnancy, disability, age or family status.

Working hours, rest periods, benefits and welfare

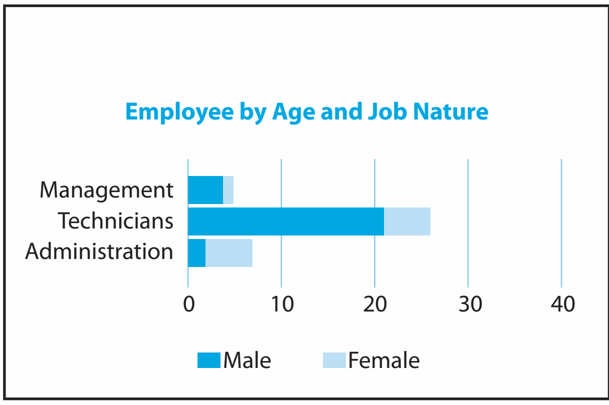
Employees' working hours, rest periods, benefits and welfare, including medical insurance, overtime payment, retirement benefits through Central Provident Fund, and statutory leave entitlement, are required to comply with employment or labour laws and regulations.

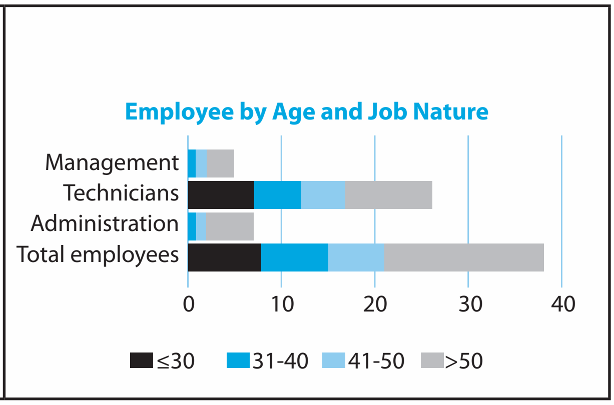
Equal opportunities, diversity and anti-discrimination

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.

In FY2022, female employee consists of 28.9% of the total employee of TOMO-CSE and 20.0% of female representation in the Management. TOMO-CSE provides equal opportunities to the employee regardless of their age of the employee. In FY2022, TOMO-CSE has 44.7% of employees aged above 50 years 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 FY2022, all of TOMO-CSE's employees are full-time working in Singapore where the business primarily operates.

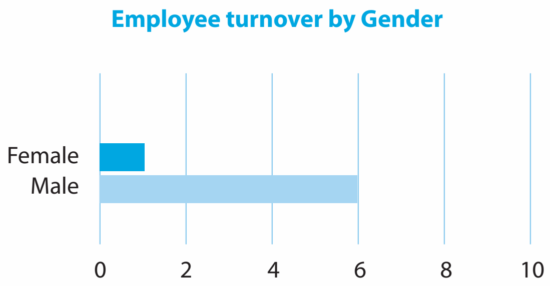
The following graphs summarised the performance of TOMO-CSE in providing equal opportunities, diversity and anti-discrimination workplace culture to the employee.

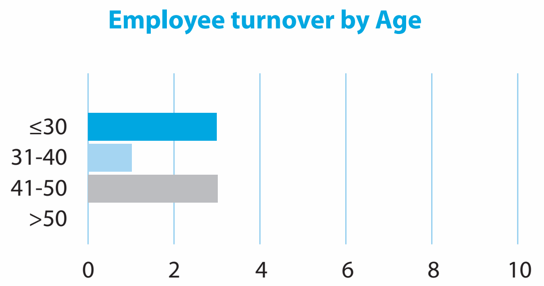




In FY2022, TOMO-CSE recorded a turnover rate of 18.4%, with female employees accounting for 15.0% of the total resignations. No employees over 50 years of age resigned during the year.

The following graphs summarised the performance of TOMO-CSE in relation to compensation and dismissal of the employee.





Other benefits and welfare

TOMO-CSE regularly arranges team-building recreational activities, such as Chinese New Year Dinner, Annual Dinner, barbeques and badminton sessions. Additionally, employees receive gifts during the Chinese New Year celebrations as well.

Commitments: Employment

Maintain zero violations against employment-related laws and regulations	
Achievements	**FY2022 progress**
• Achieved zero violations against employment-related laws and regulations	• We are committed to continuing to comply with employment-related laws and regulations.

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 FY2022, 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 ISO 9001:2008 and BizSAFE Level 3 for a safe working environment and to protect 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
- Conducting periodical safety briefings and reminders to workers
- On-site monitoring of safety by the Supervisor
- Warning to the employee for non-compliance with safety guidelines
- Safety warnings and stickers on the strategic locations

Commitments: Health and safety

Achieve zero safety incidents	
Achievements	**FY2022 progress**
• Achieved zero lost days due to work injury and zero work-related fatalities in the year 2020, 2021 and 2022.	• We have had no safety incidents since 2018 when we first commenced sustainability reporting.

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 day-to-day on-job training to improve employees' knowledge and skills for their job positions. All employees are subjected to a transparent performance evaluation that is conducted annually. The information collected from performance evaluation and the feedback from the employee is 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.

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

Commitments: Development and Training

Achieve a minimum of 10 hours of training per employee	
Achievements	**FY2022 progress**
• Achieved a minimum of 10 hours of training per employee in the year 2022.	• We provided a minimum of 10 hours of training per employee.

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 FY2022, 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 of 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 FY2022, 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.

Commitments: Labour Standards

Maintain zero child labour or forced labour, free-lance or illegal workers	
Achievements	**FY2022 progress**
• Achieved zero child labour or forced labour, free-lance or illegal workers.	• Our workforce does not consist of child labour or forced labour, free-lance or illegal workers.

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 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 FY2022, 100% of suppliers are subjected to either the new supplier evaluation or annual evaluation.

Relationship with suppliers

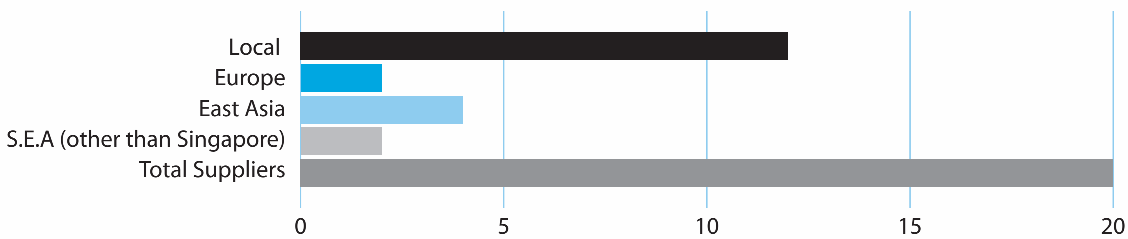
TOMO-CSE strives to reduce the environmental impact of procurement activities when cooperating with suppliers. As far as practicable, local suppliers are preferred as it reduces both cost and emissions associated with the transportation of raw materials and packaging materials.

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 FY2022, 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.

Suppliers by Geographical Regions



Commitments: Labour Standards

All new suppliers are subjected to our supplier evaluation processes	
Achievements	**FY2022 progress**
• Achieved 100% evaluation of new suppliers	• All our new suppliers are subjected to our evaluation processes

3.6 Aspect B6: Product Responsibility

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

Legal compliance

In FY2022, 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.

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 FY2022, 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 has 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.

Commitments: Product Responsibility

Achieve zero complaints on products quality and safety	
Achievements	**FY2022 progress**
• Achieved zero complaints on product quality and safety in the year 2020, 2021 and 2022.	• We have no complaints received regarding the quality and safety of the product in the past 3 years.

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 FY2022, 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.

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.

TOMO-CSE did not conduct any specific anti-corruption training in FY2022, as the Company has established standard procedures and policies to ensure that all employees are aware of and abide by the company's policies. TOMO-CSE require all employees to familiarize themselves with the policies, ensuring that the employee understands their responsibilities in maintaining the highest ethical standards.

Commitments: Anti-Corruption

Maintain zero violation against laws and regulations relevant to bribery, extortions, fraud and money laundering	
Achievements	**FY2022 progress**
• Achieved zero violations against laws and regulations relevant to bribery, extortions, fraud and money laundering	• We are committed to continuing to comply with laws and regulations relevant to bribery, extortions, 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 FY2022, TOMO-CSE did not organise donations to charity organisations due to the economic constraints as a result of the challenges.

Environmental protection

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

APPENDIX A: SUSTAINABILITY SCORECARD

Economic Contribution

Metrics	Units	FY2020	FY2021	FY2022
Revenue	S$	6,184,891	9,709,963	10,554,280

Environmental Sustainability

Metrics	Units	FY2020	FY2021	FY2022
Carbon emission				
Carbon emission (scope 1)	tCO_2e	27.1	28.3	25.3
Carbon emission (scope 2)	tCO_2e	32.8	33.3	20.6
Total carbon emission	tCO_2e	59.9	61.6	45.9
Carbon emission intensity	$kgCO_2e$/S$'000	9.7[1]	6.3[1]	4.3
Energy consumption				
Fuel energy consumption	kWh	101,183	105,369	90,550
Fuel energy consumption intensity	kWh/S$'000	16.36[1]	10.85[1]	8.58
Electricity consumption	kWh	52,711	53,596	50,543
Electricity consumption intensity	kWh/S$'000	8.52[1]	5.52[1]	4.79
Energy consumption	kWh	153,894	158,965	141,092
Energy consumption intensity	kWh/S$'000	24.9[1]	16.4[1]	13.4
Water consumption				
Total water consumption	m^3	344	275	249
Water consumption intensity	m^3/S$'000	0.06[1]	0.03[1]	0.02

1 Restated.

Employment and Labour Practices

Metrics	Units	FY2020	FY2021	FY2022
Employment				
Total number of employees	Number	46	42	38
Employee turnover	%	17.9	11.9	18.4
Current employee by gender				
Male employee	Number (%)	34(74)	30(72)	27(71)
Female employee	Number (%)	12(26)	12(28)	11(29)
Current employees by age group				
Above 50	Number (%)	14(30)	17(40.5)	17(45)
30-50	Number (%)	18(40)	17(40.5)	13(34)
Below 30	Number (%)	14(30)	8(19)	8(21)
Current employee by employment type				
Full-time	Number (%)	45(98)	41(98)	37(97)
Part-time	Number (%)	1(2)	1(2)	1(3)
Employee turnover by gender				
Male resignee	Number (%)	8(80)	5(100)	6(85)
Female resignee	Number (%)	2(20)	0	1(15)
Employee turnover by age group				
Above 50	Number (%)	1(10)	0	0
30-50	Number (%)	2(20)	0	4(57)
Below 30	Number (%)	7(70)	5(100)	3(43)
Training				
Total training hours	Hours	–[2]	–[2]	>10
Average training hours per employee	Hours	–[2]	–[2]	>10
Average training hours per male employee	Hours	–[2]	–[2]	>10
Average training hours per female employee	Hours	–[2]	–[2]	>10
Workplace Safety				
Number of cases related to fatalities	Number	0	0	0
Number of lost days due to work injury	Number	0	0	0

2 Not tracked in the previous FYs.

Operating Practices

Metrics	Units	FY2020	FY2021	FY2022
Supply Chain Management				
Local suppliers	Number (%)	9(41)	10(53)	12(60)
Products Responsibility				
Product recalls for safety and health reasons	Number	0	0	0
Customer complaints received	Number	0	0	0
Anti-Corruption				
Violations against relevant laws and regulations	Number	0	0	0
Community Investment				
Contribution through community investment	S$	0	0	0

APPENDIX B: ESG REPORTING GUIDE CONTENT INDEX

Subject Areas, Aspects, General Disclosures and KPIs	Description	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	Section 2.1
KPI A1.1	The types of emissions and respective emissions data.	Section 2.1
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)	Section 2.1
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Section 2.1
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g., per unit of production volume, per facility).	Section 2.1
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Section 2.1
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps are taken to achieve them.	Section 2.1
Aspect A2: Use of Resources		
General disclosure	Policies on the efficient use of resources including energy, water and other raw materials	Section 2.2
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).	Section 2.2
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Section 2.2
KPI A2.3	Description of energy use efficiency target(s) set and steps are taken to achieve them.	Section 2.2
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.	Section 2.2
KPI A2.5	The total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Section 2.2

Subject Areas, Aspects, General Disclosures and KPIs	Description	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	Section 2.3
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them	Section 2.3
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	Section 2.4
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.	Section 2.4
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	Section 3.1
KPI B1.1	Total workforce by gender, employment type (for example, full- or part-time), age group and geographical region	Section 3.1
KPI B1.2	Employee turnover rate by gender, age group and geographical region	Section 3.1
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	Section 3.2
KPI B2.1	Number and rate of work-related fatalities that occurred in each of the past three years including the reporting year.	Section 3.2
KPI B2.2	Lost days due to work injury.	Section 3.2
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Section 3.2

Subject Areas, Aspects, General Disclosures and KPIs	Description	Reference and remarks
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities	Section 3.3
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Section 3.3
KPI B3.2	The average training hours completed per employee by gender and employee category	Section 3.3
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	Section 3.4
KPI B4.1	Description of measures to review employment practices to avoid the child and forced labour.	Section 3.4
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Section 3.4
Operating Practices		
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain	Section 3.5
KPI B5.1	Number of suppliers by geographical region	Section 3.5
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	Section 3.5
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored	Section 3.5
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Section 3.5

Subject Areas, Aspects, General Disclosures and KPIs	Description	Reference and remarks
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	Section 3.6
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons	Section 3.6
KPI B6.2	The number of products and service-related complaints received and how they are dealt with.	Section 3.6
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights	Section 3.6
KPI B6.4	Description of quality assurance process and recall procedures	Section 3.6
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Section 3.6
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	Section 3.7
KPI B7.1	The 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.	Section 3.7
KPI B7.2	Description of preventive measures and whistle-blowing procedures, and how they are implemented and monitored.	Section 3.7
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Section 3.7
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 take into consideration the communities' interests	Section 3.8
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Section 3.8
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Section 3.8

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

APPENDIX C: GRI CONTENT INDEX

GRI Standards Content Index

Disclosure number		Disclosure title	Reference and remarks
GRI 102: General disclosures			
The organization and its reporting practices	2-1	Organisation details	• Management discussion and analysis • Corporate Profile
	2-2	Entities included in the organization's sustainability reporting	• Reporting Boundaries
	2-3	Reporting period, frequency and contact point	• Reporting Boundaries • Message from Board
	2-4	Restatements of information	• Our Performance
	2-5	External assurance	• No External Assurance
Activities and workers	2-6	Activities, value chain and other business relationships	• Management discussion and analysis
	2-7	Employee	• Appendix B: Sustainability Scorecard
	2-8	Workers who are not an employee	• Not applicable
Governance	2-9	Governance structure and composition	• Corporate Governance Report
	2-10	Nomination and selection of the highest governance body	• Corporate Governance Report
	2-11	Chair of the highest governance body	• Corporate Governance Report
	2-12	Role of the highest governance body in overseeing the management of impacts	• Corporate Governance Report
	2-13	Delegation of responsibility for managing impacts	• Corporate Governance Report
	2-14	Role of the highest governance body in sustainability reporting	• ESG Governance Structure
	2-15	Conflicts of interest	• Corporate Governance Report
	2-16	Communication of critical concerns	• Stakeholders Engagement
	2-17	The collective knowledge of the highest governance body	• Corporate Governance
	2-18	Evaluation of the performance of the highest governance body	• Corporate Governance Report
	2-19	Remuneration policies	• Corporate Governance Report
	2-20	The process to determine the remuneration	• Corporate Governance Report
	2-21	Annual total compensation ratio	• Notes to consolidated financial statements note 12(c)

Disclosure number		Disclosure title	Reference and remarks
Strategy, policies and practices	2-22	Statement on sustainable development strategy	• Our Approach to Sustainability
	2-23	Policy commitments	• Our Approach to Sustainability
	2-24	Embedding policy commitments	• Our Approach to Sustainability
	2-25	Processes to remediate negative impacts	• Stakeholders Engagement
	2-26	Mechanisms for seeking advice and raising concerns	• Corporate Governance • Stakeholders Engagement
	2-27	Compliance with laws and regulations	• Aspect A1 to B8
	2-28	Membership associations	• Not applicable
Stakeholder engagement	2-29	Approach to stakeholder engagement	• Stakeholders Engagement
	2-30	Collective bargaining agreements	• Not Applicable
GRI 3: Disclosures on material topics			
Material topics	3-1	The process to determine material topics	• Materiality Assessment
	3-2	List of material topics	• Materiality Assessment
	3-3	Management of material topics	• Materiality Assessment • Aspect A1 to B8
GRI 200: Economic disclosures (applicable sections only)			
Economic performance	201-1	Direct economic value generated and distributed	• Sustainability Scorecard
Procurement practices	204-1	The proportion of spending on local suppliers	• Supply Chain Management • Appendix B: Sustainability Scorecard
Anti-corruption	205-2	Communication and training about anti-corruption policies and procedures	• Anti-Corruption
	205-3	Confirmed incidents of corruption and actions taken	• Anti-Corruption
Anti-competitive behaviour	206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	• There are no legal actions for anti-competition.

Disclosure number		Disclosure title	Reference and remarks
GRI 300: Environment disclosures (applicable sections only)			
Materials	301-1	Materials used by weight or volume	• No raw materials and packaging materials are used as our operations do not involve manufacturing goods.
Energy	302-1	Energy consumption within the organisation	• Environmental • Appendix B: Sustainability Scorecard
	302-3	Energy intensity	• Environmental • Appendix B: Sustainability Scorecard
Water	303-5	Water consumption	• Environmental • Appendix B: Sustainability Scorecard
Emissions	305-1	Direct (Scope 1) GHG emissions	• Environmental • Appendix B: Sustainability Scorecard
	305-2	Energy indirect (Scope 2) GHG emissions	• Environmental • Appendix B: Sustainability Scorecard
	305-3	Other indirect (Scope 3) GHG emissions	• Environmental • Appendix B: Sustainability Scorecard
	305-4	GHG emissions intensity	• Environmental • Appendix B: Sustainability Scorecard
	305-5	Reduction of GHG emissions	• Environmental
Laws and regulations	307-1	Non-compliance with environmental laws and regulations	• Environmental

Disclosure number		Disclosure title	Reference and remarks
GRI 400: Social disclosures (applicable sections only)			
Employment	401-1	New employee hires and employee turnover	• Appendix B: Sustainability Scorecard
Occupational health and safety	403-1	Occupational health and safety management system	• Health and Safety
	403-9	Work-related injuries	• Health and Safety
	403-10	Work-related ill health	• Health and Safety
Training and education	404-1	Average hours of training per year per employee	• Development and Training
	404-2	Programs for upgrading employee skills and transition assistance programs	• Development and Training
Diversity and equal opportunity	405-1	Diversity of governance bodies and employees	• Employment • Appendix B: Sustainability Scorecard
Non-discrimination	406-1	Incidents of discrimination and corrective actions taken	• Employment
Child labour	408-1	Operations and suppliers at significant risk for incidents of child labour	• Labour Standards
Forced or compulsory labour	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	• Labour Standards
Customer privacy	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	• Product Responsibility

APPENDIX D: METHODOLOGIES AND DATA BOUNDARIES

This section details key definitions, methodologies and data boundaries applied to TOMO Holding Limited's Sustainability Report, as we endeavour to elevate transparency and facilitate comparability of our data disclosed. These definitions and methodologies are adapted with reference to the GRI Standards Glossary 2021, Reporting Recommendations and Guidance set out in the respective GRI disclosures and various authoritative intergovernmental instruments.

Carbon Emissions

In the scope of this reporting, scope 1 emissions are emission are generated from the consumption of fuels for our operations. The emission factor used for calculating carbon emission is obtained from The International Energy Agency (IEA). Carbon emissions are expressed in tonnes of carbon dioxide equivalent (tCO_2e).

The scope of this reporting, scope 2 emissions are emissions that result from the generation of purchased or acquired electricity, by the Group. The Grid Emission Factor (GEF) used for calculating carbon emissions is obtained from the National Environmental Agency (NEA). Carbon emissions are expressed in tCO_2e.

Carbon Emissions Intensity

This is the ratio of carbon emissions relative to the revenue generated by TOMO-CSE. Carbon emissions intensity is expressed in kilograms of carbon dioxide equivalent per thousand dollars (S$) of revenue ($kgCO_2e$/S$'000).

Energy Consumption

Energy consumed results from purchased electricity and diesel consumed by the operations of TOMO-CSE. Energy consumed is expressed in kilowatt-hours (kWh).

Energy Consumption Intensity

This is the ratio of energy consumed relative to the revenue generated by TOMO-CSE. Energy consumption intensity is expressed in kWh per thousand dollars (S$) of revenue (kWh/S$'000).

Water Consumption

This is the volume of water consumed by the Group. The sources of water are supplied by local municipalities. The total amount of water withdrawn is assumed to be the amount consumed as reflected in utility bills received.

The volume of water consumed is expressed in cubic meters (m^3).

Water Consumption Intensity

This is the ratio of water consumed relative to the revenue generated by TOMO-CSE. Water consumption intensity is expressed in m^3 per thousand dollars (S$) of revenue ($m^3$/S$'000).

Turnover

Turnover is defined as all employees who have left the TOMO-CSE voluntarily, or due to dismissal, retirement or death in service during the financial year.

The turnover rate is the total number of employee turnovers in the financial year, relative to the total number of employees recorded at the financial year-end.

The turnover rate by age group is the total number of employee turnovers for each age group in the financial year, relative to the total number of employees recorded at financial year-end.

Turnover rate by gender is the total number of female/(male) employee turnovers for each gender in the financial year, relative to the total number of employees recorded as of financial year-end.

Training hours

Average training hours per employee is the total number of training hours incurred during the financial year provided to employees, relative to the total number of employees recorded as of financial year-end.

Fatalities in workplace

The number of fatalities as a result of work-related injury during reporting period across TOMO-CSE.

Lost day due to work injury

Lost days due to work injury refer to the number of days an employee is unable to work due to an injury sustained while working. It's used as a measure of the severity and frequency of workplace injuries and their impact on productivity and employee well-being.

Local supplier

Organization or person that provides a product or service to the reporting organization and that is based in the same geographic market as the reporting organization.

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 74 to 139, which comprise the consolidated balance sheet of the Group as at 31 December 2022, 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 2022, 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 ("IFRSs") 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 the 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 International Code of Ethics for Professional Accountants (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 31 March 2022.

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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:

- Valuation of investment properties
- Impairment assessment on investment in associates

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of investment properties Refer to Note 5(e) and Note 16 to the consolidated financial statements for the related disclosures. As at 31 December 2022, the fair values of the Group's investment properties located in Singapore amounted to $3,300,000 (2021: $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.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Impairment assessment on investment in associates Refer to Note 6 and Note 20 to the consolidated financial statements for the related disclosures. As at 31 December 2022, the carry amount of investment in associates is $6,421,491. Management has engaged an independent external valuation expert to assess the business valuation in relation to acquisition of 49% equity interests. The valuation is using income-based approach. The income-based approach focuses on the economic benefits due to the income producing capability of the business entity. Management has performed the business forecast for the associates for future ten years. The management assesses there is no impairment on the investment in associates during the year. We focused on this area due to the significance of the carrying value of the investment in associates 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 business valuation. • Evaluating the external valuation expert's independence, qualification and competency; • Discussing with the external valuer and management to understand rationale of the chosen valuation method and the assumptions applied; • Assessing the appropriateness of the methodology used and the reasonableness of assumptions applied; • Assessing the reasonableness of assumptions applied in ten years cash flow forecast used by management; and

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OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the annual report 2022 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.

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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.

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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 Chin Wang Leung.

Prism Hong Kong and Shanghai Limited
Certified Public Accountants
Chin Wang Leung
Practising Certificate Number: P07806
Hong Kong

31 March 2023

Prism Hong Kong and Shanghai Limited
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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2022

	Note	**2022** **$**	2021 $
Revenue	8	**16,340,186**	9,709,963
Cost of sales	11	**(15,414,694)**	(8,142,220)
Gross profit		**925,492**	1,567,743
Other income	9	**157,765**	854,595
Other gains – net	10	**270,347**	18,685
Selling and distribution expenses	11	**(465,183)**	(413,039)
Administrative expenses	11	**(2,964,657)**	(1,938,559)
Finance income	13	**25,551**	698
Finance cost on lease liabilities	19(b)	**(4,044)**	(1,523)
(Loss)/profit before income tax	11	**(2,054,729)**	88,600
Income tax credit	14	**185,161**	29,431
(Loss)/profit for the financial year		**(1,869,568)**	118,031
(Loss)/profit and total comprehensive (expense) income for the financial year attributable to equity holders of the Company		**(1,869,568)**	118,031
(Loss)/earnings per share attributable to equity holders of the Company			
Basic and diluted (Singapore cents)	15	**(0.42)**	0.03

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

CONSOLIDATED BALANCE SHEET

At 31 December 2022

	Note	2022 $	2021 $
Assets			
Non-current assets			
Investment properties	16	**3,300,000**	3,000,000
Property, plant and equipment	17	**1,019,071**	859,022
Intangible asset	18	**95,060**	100,353
Right-of-use asset	19	**82,696**	6,455
Investment in associates	20	**6,421,491**	–
Deferred tax assets	21	**172,000**	–
		11,090,318	3,965,830
Current assets			
Amount due from a shareholder	22	**–**	93,197
Inventories	23	**629,745**	443,578
Trade and other receivables	24	**1,240,623**	1,472,070
Financial assets at fair value through profit or loss	25	**5,000,000**	–
Cash and cash equivalents	26	**7,015,867**	20,364,047
		13,886,235	22,372,892
Total assets		**24,976,553**	26,338,722
Equity and liabilities			
Capital and reserve attributable to equity holders of the Company			
Share capital	28	**793,357**	793,357
Share premium	28	**12,398,264**	12,398,264
Other reserve		**200,000**	200,000
Retained earnings		**10,439,172**	12,308,740
Total equity		**23,830,793**	25,700,361

CONSOLIDATED BALANCE SHEET

At 31 December 2022

	Note	2022 $	2021 $
Liabilities			
Non-current liabilities			
Lease liabilities	19	**46,473**	–
Deferred tax liability	21	**–**	12,000
		46,473	12,000
Current liabilities			
Trade and other payables	29	**221,555**	404,583
Contract liabilities	30	**810,550**	180,600
Lease liabilities	19	**37,839**	6,945
Current income tax liabilities		**374**	6,000
Provision	33	**28,969**	28,233
		1,099,287	626,361
Total liabilities		**1,145,760**	638,361
Total equity and liabilities		**24,976,553**	26,338,722

The consolidated financial statements on pages 74 to 139 were approved for issue by the Board of Directors on 31 March 2023 and were signed on its behalf.

Ms. Ma Xiaoqiu
Director

Ms. Liu Xinyi
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 2022

	Attributable to the equity holders of the Company				
	Share capital (Note 28) $	**Share premium (Note 28) $**	**Other reserve $**	**Retained earnings $**	**Total $**
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
At 1 January 2022	**793,357**	**12,398,264**	**200,000**	**12,308,740**	**25,700,361**
Comprehensive income					
Loss and total comprehensive expense for the financial year	**–**	**–**	**–**	**(1,869,568)**	**(1,869,568)**
At 31 December 2022	**793,357**	**12,398,264**	**200,000**	**10,439,172**	**23,830,793**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2022

	Note	2022 $	2021 $
Cash flow from operating activities			
(Loss)/profit before income tax		**(2,054,729)**	88,600
Adjustments for:			
– Amortisation of intangible asset		**5,293**	2,647
– Depreciation of property, plant and equipment		**141,925**	155,861
– Depreciation of right-of-use assets		**38,261**	38,729
– Loss on disposals of property, plant and equipment		**9,634**	–
– Fair value gain on investment properties		**(300,000)**	–
– Write-off of inventories		**33,577**	27,539
– Write-off of amount due to a shareholder		**93,197**	–
– Reversal of unutilised provision for warranty		**–**	(20,604)
– Provision for warranty		**93,254**	20,641
– Finance income		**(25,551)**	(698)
– Finance cost on lease liabilities		**4,044**	1,523
Operating (loss)/profit before working capital changes		**(1,961,095)**	314,238
Changes in working capital:			
– Inventories		**(219,744)**	197,221
– Trade and other receivables		**231,447**	(16,475)
– Amount due from a shareholder		**–**	(93,197)
– Trade and other payables and provision		**(275,546)**	(426,345)
– Contract liability		**629,950**	180,600
Cash (used in)/generated from operations		**(1,594,988)**	156,042
Income tax paid		**(4,465)**	(274,589)
Net cash used in operating activities		**(1,599,453)**	(118,547)
Cash flows from investing activities			
Acquisition of an associate		**(6,421,491)**	–
Proceeds from disposal of property, plant and equipment		**252,800**	–
Purchase of intangible asset		**–**	(103,000)
Purchase of property, plant and equipment		**(564,408)**	(11,850)
Interest received		**25,551**	698
Purchase of financial assets at fair value through profit or loss		**(5,000,000)**	–
Net cash used in investing activities		**(11,707,548)**	(114,152)
Cash flows from financing activities			
Principal element of lease payment		**(37,135)**	(40,420)
Interest element of lease payment		**(4,044)**	(1,523)
Net cash used in financing activities		**(41,179)**	(41,943)
Net decrease in cash and cash equivalents		**(13,348,180)**	(274,642)
Cash and cash equivalents at beginning of the financial year		**20,364,047**	20,638,689
Cash and cash equivalents at end of the financial year	26	**7,015,867**	20,364,047

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

1 GENERAL INFORMATION

TOMO Holdings Limited ("the Company") was incorporated in the Cayman Islands on 16 January 2017 as an exempted company with limited liability under Companies Act (as revised) of the Cayman Islands. During the Current Year, the Company was accepted for secondary listing on the Frankfurt Stock Exchange ("FSE") of Germany and its shares have been traded on the FSE under the trading symbol '5WZ'. The Company continues to have a primary listing on the Main Board of The Stock Exchange of Hong Kong Limited ("HKEx") and its shares have been continued to be traded on the HKEx.

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

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

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

2 BASIC OF PREPARATION

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board (the "IASB") and the disclosure requirements of the Hong Kong Companies Ordinance. The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment properties, which are carried at fair value.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. 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 6.

3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs

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

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

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

3 APPLICATION OF NEW AND AMENDMENTS TO IFRSs (CONTINUED)

New and amendments to IFRSs issued but not yet effective

IFRS 17 (including the June 2020 and December 2021 amendments to IFRS 17)	Insurance Contracts[1]
Amendments to IFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
Amendments to IAS 1	Classification of Liabilities as Current or Non-current and the related amendments to International Interpretation 5(2020) Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause [2]
Amendments to IAS1	Non-current Liabilities with Covenants[2]
Amendments to IAS 1 and IFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to IAS 8	Definition of Accounting Estimates[1]
Amendments to IAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

1 Effective for annual periods beginning on or after 1 January 2023.
2 Effective for annual periods beginning on or after 1 January 2024.
3 Effective for annual periods beginning on or after a date to be determined.

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

4 SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared in accordance with IFRSs issued by the IASB. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and by the Hong Kong Companies Ordinance.

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values, at the end of each reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Details of fair value measurement are explained in the accounting policies set out below.

The significant accounting policies are set out below.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries. If a subsidiary prepares its financial statements using accounting policies other than those adopted in the consolidated financial statements, appropriate adjustments are made to that subsidiary's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

Control is achieved where the Group has: (i) the power over the investee; (ii) exposure, or rights, to variable returns from its involvement with the investee; and (iii) the ability to use its power over the investee to affect the amount of the Group's returns.

The Group reassess whether it controls an investee if facts and circumstances indicate that there are changes to one or more of these elements of control stated above.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and cease when the Group loses control of the subsidiary.

Income and expenses of subsidiaries are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income of subsidiaries are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Changes in the Group's ownership interests in existing subsidiaries (Continued)

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group. When assets and liabilities of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets and liabilities (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IFRS 9 *Financial Instruments* or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

Business combinations or asset acquisitions

The Group can elect to apply an optional concentration test, on a transaction-by-transaction basis, that permits a simplified assessment of whether an acquired set of activities and assets is not a business. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets. The gross assets under assessment exclude cash and cash equivalents, deferred tax assets, and goodwill resulting from the effects of deferred tax liabilities. If the concentration test is met, the set of activities and assets is determined not to be a business and no further assessment is needed.

Assets acquisitions

When the Group acquires a group of assets and liabilities that do not constitute a business, the Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to investment properties which are subsequently measured under fair value model and financial assets and financial liabilities at the respective fair values, the remaining balance of the purchase price is then allocated to the other identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Business combinations

Acquisition of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs incurred to effect a business combination are recognised in profit or loss as incurred.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations or asset acquisitions (Continued)

Business combinations (Continued)

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities arising from the assets acquired and liabilities assumed in the business combination are recognised and measured in accordance with IAS 12 *Income Taxes*;

- assets or liabilities related to the acquiree's employee benefit arrangements are recognised and measured in accordance with IAS 19 *Employee Benefits*;

- liabilities or equity instruments related to share-based payment arrangement of the acquiree or the replacement of the acquiree's share-based payment transactions with the share-based payment transactions of the Group are measured in accordance with IFRS 2 *Share-based Payment at the acquisition date*;

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard; and

- lease liabilities are recognised and measured at the present value of the remaining lease payments as if the acquired lease was a new lease at the acquisition date, except for leases for which (a) the lease term ends within 12 months of the acquisition date; or (b) the underlying asset is of low value. Right-of-use assets are recognised and measured at an amount equal to the lease liabilities, adjusted to reflect favourable or unfavourable terms of the lease when compared with market terms.

Foreign currency

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchanges prevailing at the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currency (Continued)

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. Singapore dollars) using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the translation reserve.

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint arrangement that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss. In addition, in relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Owned investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised.

If an item of property, plant and equipment becomes an investment property when there is a change in use, as supported by observable evidence, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in properties revaluation reserve. The properties revaluation reserve in respect of that item will be transferred directly to retained earnings when it is derecognised.

If an investment property becomes an owner-occupied property when there is a change in use, as supported by observable evidence, the fair value of that property at the date of transfer is the deemed cost for subsequent accounting for that property as an item of property, plant and equipment.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Ownership interests in leasehold land and buildings

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land is presented as "right-of-use assets" in the consolidated statement of financial position. When the consideration cannot be allocated reliably between non-lease building element and undivided interest in the underlying leasehold land, the entire properties are classified as property, plant and equipment.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. 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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

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 amortization 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control of those policies.

The Group's investments in associates are accounted for in the consolidated financial statements using the equity method. Under the equity method, investments in associates are initially recognised at cost. The Group's share of the profit or loss and changes in the other comprehensive income of the associates are recognised in profit or loss and other comprehensive income respectively after the date of acquisition. If the Group's share of losses of an associate equal or exceeds its interest in the associate, which determined using the equity method together with any long-term interests that, in substance, form part of the Group's net investment in the associate, the Group discontinues recognising its share of further losses. Additional losses are provided for, and a liability is recognised, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

If an associate uses accounting policies other than those of the Group for like transactions and events in similar circumstances, adjustments are made to make the associate's accounting policies conform to those of the Group when the associate's financial statements are used by the Group in applying the equity method.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment, any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of the associate is recognised as goodwill and is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognised in profit or loss in the period in which the investment is acquired.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised to the extent that the recoverable amount of the net investment subsequently increases.

When the Group's ownership interest in an associate is reduced, but the Group continues to apply the equity method, the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest is reclassified to profit or loss if that gain or loss would be required to be reclassified to profit or loss on the disposal of the related assets or liabilities.

Gains and losses resulting from transactions between the Group and its associate are recognised in consolidated financial statements only to the extent of unrelated investors' interests in the associate. The Group's share in the associate's gains or losses resulting from these transactions is eliminated.

The Group applies IFRS 9, including the impairment requirements, to long-term interests in an associate to which the equity method is not applied and which form part of the net investment in the investee. In applying IFRS 9 to long-term interests, the Group does not take into account adjustments to their carrying amount required by IAS 28 (i.e. adjustments to the carrying amount of long-term interests arising from the allocation of losses of the investee or assessment of impairment in accordance with IAS 28).

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing

Definition of a lease

A contract is, or contains, a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration.

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. The Group recognises a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less from the commencement date and do not contain a purchase option) and leases of low value assets. For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased assets are consumed.

Lease liabilities

At the commencement date, the Group measures lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise:

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

The lease liability is presented as a separate line in the consolidated statement of financial position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Lease liabilities (Continued)

Lease liability is remeasured (and with a corresponding adjustment to the related right-of-use asset) whenever:

- the lease term has changed or there is a significant event or change in circumstances resulting in a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using revised discount rate.

- the lease payments change due to changes in an index or rate or a change in expected payment under a guaranteed residual value, in which cases the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used).

- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

Right-of-use assets

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement date and any initial direct costs, less lease incentives received. Whenever the Group incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognised and measured under IAS 37 "Provision, Contingent Liabilities and Contingent Assets". The costs are included in the related right-of-use asset.

Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities other than adjustments to lease liabilities resulting from Covid-19-related rent concessions in which the Group applied the practical expedient. They are depreciated over the shorter period of lease term and useful life of the underlying asset. The depreciation starts at the commencement date of the lease.

The Group presents right-of-use assets as a separate line in the consolidated statement of financial position.

The Group applies IAS 36 to determine whether a right-of-use asset is impaired and accounts for any identified impairment loss.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability and the right-of-use asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in administrative expenses in the consolidated statement of profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (Continued)

Lease modification

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and
- the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for a separate lease, the Group remeasures the lease liability based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group as lessor

The Group enters into lease agreements as a lessor with respect to investment properties. Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

When a contract includes both lease and non-lease components, the Group applies IFRS 15 to allocate the consideration under the contract to each component.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Lease modification

For operating lease

The Group accounts for a modification to an operating lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease.

For rent concession where the Group legally releases the lessee from its obligation to make specifically identified lease payments, some of which the Group had recognised as an operating lease receivable, the Group accounts for the rent concession by applying: (a) the derecognition requirements in IFRS 9 to forgiven lease payments that the Group has recognised as an operating lease receivable; and (b) the lease modification requirements in IFRS 16 to forgiven lease payments that the lessor has not recognised as an operating lease receivable.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income ("FVTOCI"), and fair value through profit or loss ("FVTPL").

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

Financial assets at amortised cost (debt instruments)

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

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified 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 method and are subject to impairment.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets, the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses ("ECL"), through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Interest income is recognised in profit or loss and is included in the finance income.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Group designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition.

- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

  Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the finance income line item. Fair value is determined in the manner described in note 5(e).

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or

- on initial recognition, it is part of a portfolio of identified financial instruments that the Group manages together and has evidence of a recent actual pattern of short-term profit-taking; or

- it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Group always recognises lifetime ECL for trade receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Group measures the loss allowance equal to 12-month ECL, unless when there has a significant increase in credit risk since initial recognition, the Group recognises lifetime ECL. The assessment of whether lifetime ECL should be recognised is based on significant increase in the likelihood or risk of a default occurring since initial recognition.

Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument 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 that is available without undue cost or effort.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Irrespective of the outcome of the above assessment, the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Group has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Group assumes that the credit risk on a debt instrument has not increased significantly since initial recognition if the debt instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if i) the financial instrument has a low risk of default, ii) the borrower has a strong capacity to meet its contractual cash flow obligations in the near term, and iii) adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations. The Group considers a debt instrument to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

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.

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Irrespective of the above analysis, the Group 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

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. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the issuer or the borrower;
- a breach of contract, such as a default or past due event;
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Group's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IFRS 16 *Leases*.

If the Group has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting 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 reporting date, except for assets for which simplified approach was used.

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

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial assets (Continued)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Modification of financial assets

A modification of a financial asset occurs if the contractual cash flows are renegotiated or otherwise modified.

When the contractual terms of a financial asset are modified, the Group assesses whether the revised terms result in a substantial modification from original terms taking into account all relevant facts and circumstances including qualitative factors. If qualitative assessment is not conclusive, the Group considers the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial asset, after reducing gross carrying amount that has been written off.

For non-substantial modifications of financial assets that do not result in derecognition, the carrying amount of the relevant financial assets will be calculated at the present value of the modified contractual cash flows discounted at the financial assets' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial assets and are amortised over the remaining term. Any adjustment to the carrying amount of the financial asset is recognised in profit or loss at the date of modification.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are calculated using the weighted average method. Net realisable value of inventories represents the estimated selling price in the ordinary course of business less the estimated costs of completion and costs necessary to make the sale.

Cash and cash equivalents

In the consolidated statement of financial position, cash and bank balances comprise cash (i.e. cash on hand and demand deposits) and cash equivalents. Cash equivalents are short-term (generally with original maturity of three months or less), highly liquid investments that are readily convertible to a known amount of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term cash commitments rather for investment or other purposes.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method.

Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, are measured in accordance with the specific accounting policies set out below.

A financial liability is classified as held for trading if:

- it has been acquired principally for the purpose of repurchasing it in the near term; or

- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or

- it is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not 1) contingent consideration of an acquirer in a business combination, 2) held-for-trading, or 3) designated as at FVTPL, are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial liabilities (Continued)

Modification of financial liabilities

A substantial modification of the terms of an existing financial liability or a part of it (whether or not attributable to the financial difficulty of the Group) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The Group considers that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 per cent different from the discounted present value of the remaining cash flows of the original financial liability. Accordingly, such exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. The exchange or modification is considered as non-substantial modification when such difference is less than 10 per cent.

Non-substantial modifications of financial liabilities

For non-substantial modifications of financial liabilities that do not result in derecognition, the carrying amount of the relevant financial liabilities will be calculated at the present value of the modified contractual cash flows discounted at the financial liabilities' original effective interest rate. Transaction costs or fees incurred are adjusted to the carrying amount of the modified financial liabilities and are amortised over the remaining term. Any adjustment to the carrying amount of the financial liability is recognised in profit or loss at the date of modification.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit before tax as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (Continued)

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle current tax liabilities and assets on a net basis.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

Salary 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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Retirement benefits costs and termination benefits

Payments to defined contribution plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurements comprising actuarial gains and losses, the effect of the asset ceiling (if applicable) and the return on plan assets (excluding interest) are recognised immediately in the statement of financial position with a charge or credit to other comprehensive income in the period in which they occur. Remeasurements recognised in other comprehensive income are not reclassified. Past service cost is recognised in profit or loss when the plan amendment or curtailment occurs, or when the Group recognises related restructuring costs or termination benefits, if earlier. Gains or losses on settlement of a defined benefit plan are recognised when the settlement occurs. Net interest is calculated by applying a discount rate to the net defined benefit liability or asset.

Defined benefit costs are categorised as:

- service costs, which includes current service cost, past service cost and gains and losses on curtailments and settlements;
- net interest expense or income; and
- remeasurements.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 33.

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

(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 33.

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (Continued)

(c) Sale of automotive parts and motor vehicles (Continued)

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.

(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.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred income in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants related to income that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable

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.

4 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

5 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$, AUD and USD. Foreign exchange risk arises mainly from recognised assets. At 31 December 2022, if the HK$ had weakened or strengthened by 10% against the $ with all other variables held constant, post-tax loss for the year would have been approximately S$280,000 (2021: $34,000) lower/higher as a result of foreign exchange losses/gains mainly on translation of HK$ denominated cash and bank balances.

Exposure to AUD and USD movements in exchange rates on transactions is minimised as they relate primarily to its fixed-rate interest financial assets at fair value through profit or loss.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's fair value interest rate risk relates primarily to its fixed-rate other borrowings and financial assets at fair value through profit or loss.

5 FINANCIAL RISK MANAGEMENT (CONTINUED)

(a) Market risk (Continued)

(ii) Interest rate risk (Continued)

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 26). The Group currently does not have an interest rate hedging policy.

However, the management will consider hedging significant interest rate exposure should the need arises.

Interest income from financial assets that are measured at amortised cost and at fair value are as follow:

	2022	2021
	$	$
Financial assets at amortised cost	**3,592**	698
Financial assets at fair value	**21,959**	–

The Group's exposure to interest rates on financial liabilities are detailed in the liquidity risk section of this note.

(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 3 debtors (2021: 2 debtors) that in aggregate represented 80.9% (2021: 91.8%) 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.

5 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 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.

5 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.

5 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):

2022	**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	**218,301**	**–**	**218,301**
Cash and cash equivalents	N.A. Exposure Limited	**7,015,867**	**–**	**7,015,867**

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

The credit loss exposure for other receivables and cash and cash equivalents are immaterial as at 31 December 2022 and 31 December 2021.

The credit risk of financial assets designated as at fair value through profit or loss is limited because the counterparties are banks with high credit rating assigned by international credit-rating agencies.

5 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 lose 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** $
2022			
Trade and other payables	**187,892**	**–**	**187,892**
Lease liabilities	**41,027**	**47,865**	**88,892**
	228,919	**47,865**	**276,784**
2021			
Trade and other payables	365,449	–	365,449
Lease liabilities	6,991	–	6,991
	372,440	–	372,440

5 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 2022 and 31 December 2021.

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.

	2022 **$**	2021 $
Net debt	**84,312**	6,945
Total capital	**23,830,793**	25,700,361
Gearing ratio	**0.0035**	0.0003

The Group does not have any borrowing other than lease liabilities as at 31 December 2022 and 31 December 2021.

(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 uses fair values measured based on market-observable data which any input which have a significant effect on the recorded fair value are observable, either directly or indirectly for determining and disclosing the fair value of the financial asset at fair value through profit or loss. At 31 December 2022, the Group's financial asset at fair value through profit or loss were measured at fair value and determined as level 1 (2021: Nil).

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 2 items as at 31 December 2022 (2021: Nil).

5 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 16.

6 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 $28,969 as at 31 December 2022 (2021: $28,233).

(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 5(e).

(c) Impairment of trade and other receivables

The impairment provisions for trade and other receivables are based on assumptions about ECL. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, bases on the number of days that an individual receivable is outstanding as well as the Group's historical experience and forward-looking information at the end of the reporting period. Changes in these assumptions and estimates could materially affect the result of the assessment and it may be necessary to make additional impairment charge to the consolidated statement of profit or loss and other comprehensive income. The judgement and assumptions used for impairment of trade and other receivables are disclosed in Note 5(b).

6 CRITICAL AND ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(d) Impairment of investment in associates

As at 31 December 2022, the Group acquired 49% equity of Ocean Dragon Group Limited and its subsidiary which principal activities are provision of electric charging solutions. The investment in associates is amount to $6,421,491 as at 31 December 2022.

The carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised is not allocated to any asset, including goodwill that forms part of the carrying amount of the investment.

There is no impairment loss for investment in associates incurred during the year.

(e) Impairment of property, plant and equipment, right-of-use asset and intangible asset

Property, plant and equipment, right-of-use assets and intangible asset are stated at costs less accumulated depreciation and impairment, if any. In determining whether an asset is impaired, the Group has to exercise judgement and make estimation, particularly in assessing: (1) whether an event has occurred or any indicators that may affect the asset value; (2) whether the carrying value of an asset can be supported by the recoverable amount, in the case of value in use, the net present value of future cash flows which are estimated based upon the continued use of the asset; and (3) the appropriate key assumptions to be applied in estimating the recoverable amounts including cash flow projections and an appropriate discount rate. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the assets belongs.

Changing the assumptions and estimates, including the discount rates or the growth rate in the cash flow projections, could materially affect the recoverable amounts.

As at 31 December 2022, the carrying amounts of right-of-use assets, property, plant and equipment, and intangible assets were $82,696 and $1,019,071 and $95,060 (2021: $6,455, $859,022 and $100,353) respectively. There are no impairment of right– of-use assets, property, plant and equipment, and intangible assets during 2022 and 2021.

(f) Deferred income tax

The Group's management determines the amount of deferred tax asset to be recognised by estimating the amount of future profit available to utilise the tax losses or certain temporary differences in the relevant tax jurisdiction and entity. The estimate is based on the projected profit in respective jurisdiction and entity and the Group uses its judgement to make assumptions that are mainly based on market conditions existing on balance sheet date. It could change as a result of the uncertainties in the market conditions.

(g) Fair value of financial asset at fair value through profit or loss

The fair value of financial asset at fair value at profit and loss are determined based on market-obsevable data including reference to other instruments that are substantially the same, discounted cash flow analysis and option pricing model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

7 SEGMENT INFORMATION

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

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

The amounts provided to the management with respect to total assets are measured in a manner consistent with that of the financial statements. Management monitors the assets attributable to each segment for the purposes of monitoring segment performance and for allocating resources between segments. All assets are allocated to reportable segments other than cash and cash equivalents, intangible 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.

7 SEGMENT INFORMATION (CONTINUED)

	Passenger vehicle leather upholstery		Passenger vehicle electronic accessories		Automotive parts and motor vehicles		Total	
	2022 $	2021 $	**2022 $**	2021 $	**2022 $**	2021 $	**2022 $**	2021 $
Sales and installation of goods	**543,447**	988,329	**1,793,303**	3,471,301	**-**	–	**2,336,750**	4,459,630
Sales of goods	**-**	–	**339,900**	74,240	**13,663,536**	5,176,093	**14,003,436**	5,250,333
Segment revenue	**543,447**	988,329	**2,133,203**	3,545,541	**13,663,536**	5,176,093	**16,340,186**	9,709,963
Segment (loss)/profit	**(72,236)**	29,098	**(283,087)**	104,359	**(1,813,927)**	152,380	**(2,169,250)**	285,837
Depreciation of property, plant and equipment	**(1,679)**	(26,833)	**(6,578)**	(53,712)	**(42,152)**	–	**(50,409)**	(80,545)
Depreciation of right-of-use assets	**(30,609)**	(30,983)	**-**	–	**-**	–	**(30,609)**	(30,983)
Unallocated expenses:								
Amortisation of intangible asset							**(5,293)**	(2,647)
Depreciation of property, plant and equipment							**(91,516)**	(75,316)
Depreciation of right-of-use assets							**(7,652)**	(7,746)
Fair value gain on investment properties							**300,000**	–
(Loss)/profit before income tax							**(2,054,729)**	88,600
Income tax credit							**185,161**	29,431
(Loss)/profit for the financial year							**(1,869,568)**	118,031

7 SEGMENT INFORMATION (CONTINUED)

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

Geographical information

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

	2022 $	2021 $
Hong Kong	**5,785,876**	–
Singapore	**10,554,310**	9,666,501
Malaysia	**-**	43,462
	16,340,186	9,709,963

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

7 SEGMENT INFORMATION (CONTINUED)

Information about major customers

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

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

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

8 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.

	2022 $	2021 $
Sales and installation of goods		
– Leather upholstery	**543,447**	988,329
– Electronic accessories	**1,793,303**	3,471,301
	2,336,750	4,459,630
Sales of goods		
– Electronic accessories	**339,900**	74,240
– Automotive parts and motor vehicle	**13,663,536**	5,176,093
	14,003,436	5,250,333
	16,340,186	9,709,963

9 OTHER INCOME

	2022 $	2021 $
Cash grant	**5,424**	23,738
Jobs Support Scheme	**–**	67,058
Consultancy income	**–**	608,265
Rental income from investment properties	**138,200**	131,100
Special Employment Credit	**10,594**	7,325
Skills Future Enterprise Credit	**–**	3,914
Wages Credit Scheme	**3,547**	13,195
	157,765	854,595

10 OTHER GAINS – NET

	2022 $	2021 $
Foreign exchange (loss)/gain, net	**(23,237)**	18,685
Loss on disposal of property, plant and equipment	**(9,634)**	–
Fair value gain on investment properties (Note 16)	**300,000**	–
Others	**3,218**	–
	270,347	18,685

11 (LOSS)/PROFIT BEFORE INCOME TAX

	2022 $	2021 $
Costs of inventories	**14,168,055**	6,932,703
Freight and forwarding charges	**17,906**	10,528
Employee benefit costs (Note 12)	**3,250,795**	2,643,201
Amortisation of intangible asset (Note 18)	**5,293**	2,647
Depreciation of property, plant and equipment (Note 17)	**141,925**	155,861
Depreciation of right-of-use assets (Note 19)	**38,261**	38,729
Rental expenses on short-term leases	**23,488**	4,596
Commission	**24,559**	17,112
Entertainment	**63,677**	62,899
Motor vehicles expenses	**44,892**	44,851
Insurance	**56,053**	51,774
Travelling expenses	**–**	59
Advertisement	**12,257**	11,883
Auditor's remuneration		
– Audit services	**75,000**	80,000
Legal and professional fees	**511,857**	245,275
Write-off of inventories (Note 23)	**33,577**	27,539
Reversal of unutilised warranty (Note 33)	**–**	(20,604)
Provision for warranty cost (Note 33)	**93,254**	20,641
Write-off of amounts due from a shareholder	**93,197**	–
Loss on disposals of property, plant and equipment	**9,634**	–
Other operating expenses	**180,854**	164,124
Total cost of sales, selling and distribution expenses and administrative expenses	**18,844,534**	10,493,818

12 EMPLOYMENT BENEFIT COSTS – INCLUDING DIRECTORS' EMOLUMENTS

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

	2022 $	2021 $
Wages, salaries and allowances	**3,048,460**	2,261,117
Discretionary bonuses	**–**	147,740
Retirement benefit costs – defined contribution plans	**141,702**	133,344
Others	**60,633**	101,000
	3,250,795	2,643,201

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

(b) Directors' emoluments

The remuneration of every director for the year ended 31 December 2022 and 31 December 2021 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 2022					
Executive directors					
Ms. Ma Xiaoqiu	-	126,846	-	-	126,846
Non-executive directors					
Ms. Liu Xinyi	-	126,846	-	-	126,846
Mr. Wong Chun Man	-	126,846	-	-	126,846
Ms. Lyu Qiujia	-	31,711	-	-	31,711
Independent non-executive directors					
Mr. Jin Lailin	25,369	-	-	-	25,369
Ms. Lee Kit Ying	25,369	-	-	-	25,369
Mr. Wang Zhongmin	25,369	-	-	-	25,369
Mr. Peng Peng	25,369	-	-	-	25,369
	101,476	412,249	-	-	513,725

12 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 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 Qiujia	–	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

For the financial year ended 31 December 2022, 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 (2021: None).

(i) Appointment of directors

Ms. Chen Jun was appointed as the Company's executive director on 1 February 2023.

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.

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

(b) Directors' emoluments (Continued)

(ii) Resignation of directors

Mr. Wong Chun Man resigned as the Company's non-executive director on 1 February 2023.

Mr. Wang Zhongmin resigned as the Company's independent non-executive director on 1 February 2023.

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 2022 (2021: 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 2022 (2021: 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 2022 (2021: 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 2022 (2021: Nil).

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

Except as disclosed in Note 36(b), 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 2022 (2021: Nil).

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

(c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Company include 1 executive director and 3 non-executive directors for the financial years ended 31 December 2022 (2021: 2 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 2022 (2021: 2 individuals) are as follows:

	2022 **$**	2021 $
Wages, salaries and allowances	**52,852**	406,770
Discretionary bonuses	**–**	27,163
Retirement benefit costs – defined contribution plans	**2,643**	70,250
	55,495	504,183

	Number of individuals	
	2022	2021
Emolument band		
Nil – HK$1,000,000		
(equivalent to $172,000; 2021: $173,000)	**1**	2

13 FINANCE INCOME

	2022 **$**	2021 $
Interest income	**25,551**	698

14 INCOME TAX CREDIT

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

Singapore profits tax has been provided at the rate of 17% on the estimated assessable profit for the financial year (2021: 17%).

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

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

	2022 **$**	2021 $
Income tax		
– Current income tax	**374**	6,000
– Over provision in prior years	**(1,535)**	(41,431)
	(1,161)	(35,431)
Deferred income tax (Note 21)		
– Deferred income tax	**(184,000)**	6,000
Income tax credit	**(185,161)**	(29,431)

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

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

15 (LOSS)/EARNINGS PER SHARE

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

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

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

16 INVESTMENT PROPERTIES

	2022 $	2021 $
At fair value:		
At 1 January	**3,000,000**	3,000,000
Fair value gain (Note 10)	**300,000**	–
At 31 December	**3,300,000**	3,000,000

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

	2022 $	2021 $
Rental income	**138,200**	131,100
Direct operating expenses arising from properties that generated rental income	**22,638**	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.

16 INVESTMENT PROPERTIES (CONTINUED)

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

	Fair value measurements using significant Unobservable inputs (Level 3)	
	2022 **$**	2021 $
At 31 December		
Recurring fair value measurements:		
– Investment properties	**3,300,000**	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 2022 by Edmund Tie & Company (SEA) Pte Ltd (2021: Edmund Tie & Company (SEA) Pte Ltd), an independent and qualified professional valuer not connected to the Group. The valuer holds a recognised and relevant professional qualification and has recent experience in valuing similar properties in similar location and categories of the investment properties being valued.

Valuation technique

Valuation are based on comparison approach assuming sales of each of these properties in its existing state with the benefits of vacant procession. The valuation technique is based on comparison with recent transactions of comparable properties 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.

16 INVESTMENT PROPERTIES (CONTINUED)

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

Description	Fair value at 31 December 2022	Valuation technique	Unobservable input	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Industrial unit 1	$1,100,000 (2021: $1,000,000)	Comparison approach	Average selling price per square metre	$3,850 per square metre (2021: $3,500 per square metre)	The higher the unit rate, the higher the fair value
Industrial unit 2	$1,100,000 (2021: $1,000,000)	Comparison approach	Average selling price per square metre	$3,850 per square metre (2021: $3,500 per square metre)	The higher the unit rate, the higher the fair value
Industrial unit 3	$1,100,000 (2021: $1,000,000)	Comparison approach	Average selling price per square metre	$3,890 per square metre (2021: $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

17 PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties $	Lightings, renovation, furniture & fittings $	Machinery & motor vehicles $	Office, equipment, software and computers $	Total $
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 and 1 January 2022					
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**
Year ended 31 December 2022					
Opening net book amount	**460,137**	**8,408**	**369,432**	**21,045**	**859,022**
Additions	**-**	**3,980**	**560,428**	**-**	**564,408**
Disposal	**-**	**-**	**(262,434)**	**-**	**(262,434)**
Depreciation	**(42,574)**	**(3,495)**	**(83,871)**	**(11,985)**	**(141,925)**
Closing net book amount	**417,563**	**8,893**	**583,555**	**9,060**	**1,019,071**
Year ended 31 December 2022					
Cost	**1,150,227**	**61,199**	**1,341,257**	**250,561**	**2,803,244**
Accumulated depreciation	**(732,664)**	**(52,306)**	**(757,702)**	**(241,501)**	**(1,784,173)**
Net book amount	**417,563**	**8,893**	**583,555**	**9,060**	**1,019,071**

Depreciation expense of $81,017, $2,838 and $58,070 (2021: $80,545, $2,838 and $72,478) has been charged to cost of sales, selling and distribution expenses and administrative expenses, respectively, for the financial year ended 31 December 2022.

Banking facilities are secured on legal mortgage of the leasehold properties with carrying values totalling $417,563 as at 31 December 2022 (2021: $460,137) (Note 27).

18 INTANGIBLE ASSET

	Club membership $
Cost	
1 January 2021	–
Addition	103,000
Year ended 31 December 2021, 1 January 2022 and 31 December 2022	103,000
Amortisation	
1 January 2021	–
Amortisation charge for the year	2,647
Year ended 31 December 2021 and 1 January 2022	2,647
Amortisation charge for the year	5,293
Year ended 31 December 2022	7,940
Carrying value	
Year ended 31 December 2022	95,060
Year ended 31 December 2021	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.

19 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:

	2022 $	2021 $
Right-of-use asset		
Leasehold property	82,696	6,455
Lease liabilities		
Non-current liabilities	46,473	–
Current liabilities	37,839	6,945
	84,312	6,945

19 LEASES (CONTINUED)

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

	2022 $	2021 $
Depreciation charge of right-of-use asset		
Leasehold property	**38,261**	38,729
Interest expense included in finance cost	**4,044**	1,523
Expenses relating to short-term leases	**23,488**	4,596

The total cash outflow for leases during the financial year ended 31 December 2022 was $64,666 (2021: $46,539).

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.

20 INVESTMENT IN ASSOCIATES

	2022 $	2021 $
Share of net assets	**17,526**	–
Goodwill on acquisition	**6,403,965**	–
	6,421,491	–

Particulars of the associates is as follows:

Name	Place of registration/ incorporation and business	Percentage of ownership interest attributable to the Group		Proportion of voting power held		Principal activities
		2022 %	2021 %	2022 %	2021 %	
Ocean Dragon Group Limited and its subsidiary	Hong Kong	**49**	–	**49**	–	Provision of electric charging solutions

Notes:

During the year ended 31 December 2022, the Group acquired 49% equity of Ocean Dragon Group Limited and its subsidiary amounting to HK$35,000,000 (equivalents to $6,421,491). Ocean Dragon Group Limited and its subsidiary will prepare to engage the provision of electric charging solutions in next coming year.

20 INVESTMENT IN ASSOCIATES (CONTINUED)

Ocean Dragon Group Limited	**2022** **$**	2021 $
Current assets	**990,667**	–
Current liabilities	**(954,899)**	–
Reconciliation to the Group's interest in associates		
Proportion of the Group's ownership	**49%**	–
The Group's share of net assets of the associate	**17,526**	–
Goodwill on acquisition	**6,403,965**	–
Carrying amount of the investment	**6,421,491**	–

	2022 **$**	2021 $
Revenue	**–**	–
Loss for the period	**(1,906)**	–

21 DEFERRED TAX ASSET/(LIABILITY)

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

	2022 **$**	2021 $
Deferred tax asset/(liability):		
– Deferred income tax liability	**–**	(18,000)
– Deferred income tax asset	**172,000**	6,000
	172,000	(12,000)

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

	2022 **$**	2021 $
At 1 January	**(12,000)**	(6,000)
Charged to consolidated statement of comprehensive income (Note 14)	**184,000**	(6,000)
At 31 December	**172,000**	(12,000)

21 DEFERRED TAX ASSET/(LIABILITY) (CONTINUED)

The movements in deferred income tax are as follows:

Deferred tax asset:

	Tax loss $	Provision of warranty $	Lease liability $	Total $
At 1 January 2021	–	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
Charged to consolidated statement of comprehensive income	**172,000**	**(4,000)**	**(2,000)**	**166,000**
At 31 December 2022	**172,000**	**–**	**–**	**172,000**

Deferred tax liability:

	Accelerated tax depreciation $	Right-of-use asset $	Total $
At 1 January 2021	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
Credited to consolidated statement of comprehensive income	**(18,000)**	**–**	**(18,000)**
At 31 December 2022	**–**	**–**	**–**

At the ending of the reporting period, the Group has unused tax losses of approximately $1,010,000 (2021: $Nil) available for offset against future profits.

22 AMOUNT DUE FROM A SHAREHOLDER

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

23 INVENTORIES

	2022 $	2021 $
Goods on hand		
Raw materials	**281,779**	70,435
Finished goods	**347,966**	373,143
	629,745	443,578

The cost of inventories included in cost of sales amounted to $14,168,055 for the financial year ended 31 December 2022 (2021: $6,932,703).

The Group has written off inventories included in cost of sales amounted to $33,577 in the financial year ended 31 December 2022 (2021: $27,539).

24 TRADE AND OTHER RECEIVABLES

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

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

24 TRADE AND OTHER RECEIVABLES (CONTINUED)

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:

	2022 **$**	2021 $
Unbilled revenue	**48,775**	31,484
1 to 30 days	**89,051**	162,983
31 to 60 days	**2,793**	3,702
61 to 90 days	**696**	193
Over 90 days	**909**	3,231
	142,224	201,593

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

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 2022 and 31 December 2021.

Further information about the impairment of trade and other receivables and the Group's exposure to credit risk can be found in Note 5(b).

25 FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 **$**	2021 $
Financial assets designated at financial assets at fair value through profit or loss		
SGD fixed rate USD-linked note	**3,000,000**	–
SGD fixed rate AUD-linked note	**2,000,000**	–
	5,000,000	–

The financial assets at fair value through profit or loss included SGD fixed rate USD-linked note and SGD fixed rate AUD-linked note issued by Bank.

These two SGD fixed rate USD-linked note and SGD fixed rate AUD-linked note were amounted to $2,000,000 and $3,000,000 and carried interest rates 3.3% and 3.1% respectively.

These notes involved the derivatives and client intended to trade for these notes. Hence, they were classified as financial assets at fair value through profit or loss.

They have therefore been classified as level 1 in the fair value hierarchy as the market values with observable inputs from the markets.

26 CASH AND BANK BALANCES

	2022 $	2021 $
Cash and cash equivalents		
– Fixed deposits with original maturities within three months	–	12,998,234
– Cash at banks	7,015,867	7,365,428
– Cash on hand	–	385
	7,015,867	20,364,047

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

	2022 $	2021 $
HK$	3,349,877	417,290
S$	3,665,990	19,942,714
US$	–	4,043
	7,015,867	20,364,047

27 BANKING FACILITIES

The Group's banking facilities are secured by the Group's leasehold properties with carrying values totalling $417,563 as at 31 December 2022 (2021: $460,137) (Note 17). As at 31 December 2022, the Group undrawn banking facilities amounted to $1,400,000 (2021: $1,400,000).

28 SHARE CAPITAL AND SHARE PREMIUM

The share capital of the Group as at 31 December 2022 represented the share capital of the Company.

	Number of ordinary shares	Share capital $	Share premium $
As at 1 January 2021, 31 December 2021 and 31 December 2022			
– Authorised	10,000,000,000	17,822,268	–
– Issued and fully paid	450,000,000	793,357	12,398,264

29 TRADE AND OTHER PAYABLES

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

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

Trade payables

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

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

	2022 $	2021 $
1 to 30 days	**21,160**	60,675
31 to 60 days	**–**	149
	21,160	60,824

30 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:

	2022 $	2021 $
Trade receivables from contracts with customers	**142,224**	–
Contract liabilities	**668,326**	180,600
	810,550	180,600

In 2022, contract liabilities increased significantly due to the Company billed and received consideration ahead in respect of sales of motor vehicles to customers.

30 CONTRACT LIABILITIES (CONTINUED)

Contract liabilities

The following table shows how much of the revenue recognised relates to advance consideration received from customers and how much relates to performance obligations that were satisified in prior periods.

	Contract liabilities $	Trade receivables from contracts with customers $
For the year ended 31 December 2022		
Revenue recognised that was included in the contract liabilities at the beginning of the year	**180,600**	**–**
For the year ended 31 December 2021		
Revenue recognised that was included in the contract liabilities at the beginning of the year	–	1,342,236

31 FINANCIAL INSTRUMENTS BY CATEGORY

	2022 $	2021 $
Financial assets		
Financial assets at amortised cost		
– Trade and other receivables	**360,525**	933,819
– Cash and cash equivalents	**7,015,867**	20,364,047
Financial assets at fair value		
– Financial asset at fair value through profit or loss	**5,000,000**	–
Total	**12,376,392**	21,297,866
Financial liabilities		
Financial liabilities at amortised cost		
– Trade and other payables	**177,892**	365,449
– Lease liabilities	**84,312**	6,945
Total	**262,204**	372,394

32 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of liabilities arising from financing activities:

	Lease liabilities	
	2022 **$**	2021 $
At 1 January	**6,945**	47,365
Non-cash changes:		
– Finance cost	**4,044**	1,523
– New lease	**114,502**	–
Cash flows:		
– Principal elements of payments	**(37,135)**	(40,420)
– Interest paid	**(4,044)**	(1,523)
At 31 December	**84,312**	6,945

33 PROVISION

Provision for warranty cost

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

	2022 **$**	2021 $
At 1 January	**28,233**	84,596
Provision utilised	**(92,518)**	(56,400)
Reversal of unutilised warranty (Note 11)	**–**	(20,604)
Provision for warranty cost (Note 11)	**93,254**	20,641
At 31 December	**28,969**	28,233

34 DIVIDENDS

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

35 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:

	2022 **$**	2021 $
Not later than 1 year	**142,650**	111,400
Later than 1 year and not later than 5 years	**74,800**	37,050
	217,450	148,450

36 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 2022.

	2022 **$**	2021 $
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 12(b).

37 PRINCIPAL SUBSIDIARIES OF THE COMPANY

The following is a list of the principal subsidiaries at 31 December 2022 and 31 December 2021:

Company name	Country/ place of incorporation/ establishment	Issued and paid-up capital	Principal activities/ place of operation	Equity interest attributable to the Group 2022 %	2021 %
Directly held by the Company					
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
Indirectly held by the Company					
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**	100
TOMO-CSE Auto Development Limited	Hong Kong	1 Ordinary Share totaling HK$1	Vehicle trading/Hong Kong	**100**	100
Hong Kong Green Financial Services Institute Limited	Hong Kong	100 Ordinary Share totaling HK$100	Provision of professional services/ Hong Kong	**100**	100
Hainan Kesen Hanlian Technology Co., Ltd.	PRC	–	Provision of professional services/ PRC	**100**	100
TOMO SG Technology PTE Limited	Singapore	50,000 Ordinary Shares totaling S$50,000	Investing holding/Singapore	**100**	–
TOMO Culture PTE Limited	Singapore	50,000 Ordinary Shares totaling S$50,000	Investing holding/Singapore	**100**	–
Hongkong Sembo Convergence Technology Company Limited	Hong Kong	100 Ordinary Shares totaling HK$100	Provision of professional services/ Hong Kong	**100**	–

38 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

	Note	2022 $	2021 $
Assets			
Non-current asset			
Investments in associates		**6,421,491**	–
Investments in subsidiaries		**4,958,631**	4,958,631
		11,380,122	4,958,631
Current assets			
Amounts due from a shareholder		**–**	93,197
Amounts due from subsidiaries		**3,638,176**	21,001
Trade and other receivables		**42,660**	653,483
Cash and cash equivalents		**2,962,941**	13,415,833
Total current assets		**6,643,777**	14,183,514
Total assets		**18,023,899**	19,142,145
Equity			
Equity attributable to owners of the Company			
Share capital		**793,357**	793,357
Share premium	38(a)	**12,398,264**	12,398,264
Other reserve	38(a)	**4,958,627**	4,958,627
Accumulated losses	38(a)	**(7,231,729)**	(6,112,974)
Total equity		**10,918,519**	12,037,274
Liability			
Current liabilities			
Other payables		**108,505**	107,996
Amounts due to subsidiaries		**6,996,875**	6,996,875
Total liabilities		**7,105,380**	7,104,871
Total equity and liabilities		**18,023,899**	19,142,145

The statement of financial position of the Company was approved for issue by the Board of Directors on 31 March 2023 and were signed on its behalf.

Ms. Ma Xiaoqiu
Director

Ms. Liu Xinyi
Director

38 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 2021	12,398,264	4,958,627	(6,131,938)	11,224,953
Profit and total comprehensive income for the financial year	–	–	18,964	18,964
At 31 December 2021	12,398,264	4,958,627	(6,112,974)	11,243,917
Loss and total comprehensive loss for the financial year	–	–	(1,118,755)	(1,118,755)
At 31 December 2022	**12,398,264**	**4,958,627**	**(7,231,729)**	**10,125,162**

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				
	2018 $'000	2019 $'000	2020 $'000	2021 $'000	**2022** **$'000**
Revenue	17,818	16,487	6,185	9,710	**16,340**
(Loss)/profit before income tax	5,252	3,068	273	89	**(2,055)**
Income tax (expense)/credit	(1,010)	(829)	(100)	29	**185**
(Loss)/profit attributable to the owners of the Company for the financial year	4,242	2,239	173	118	**(1,870)**
Total comprehensive income/(expense) attributable to the owners of the Company for the financial year	4,242	2,239	173	118	**(1,870)**

ASSETS AND LIABILITIES

	As at 31 December				
	2018 $'000	2019 $'000	2020 $'000	2021 $'000	**2022** **$'000**
Total assets	25,685	27,896	26,811	26,338	**24,977**
Total liabilities	2,515	2,487	1,229	638	**1,146**
Net assets	23,170	25,409	25,582	25,700	**23,831**
Equity attributable to owners of the Company for the financial year	23,170	25,409	25,582	25,700	**23,831**

萬馬控股有限公司
TOMO Holdings Limited