

*Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.*

## **Zheng Li Holdings Limited**

**正力控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock code: 8283)**

### **2019 THIRD QUARTERLY RESULTS ANNOUNCEMENT**

The board (the “**Board**”) of directors (the “**Directors**”) of Zheng Li Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2019. This announcement, containing the full text of the 2019 third quarterly report of the Company, complies with the relevant requirements of the Rules Governing the Listing of Securities (the “**GEM Listing Rules**”) on the GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) in relation to information to accompany preliminary announcement of third quarterly results.

By order of the Board of  
**Zheng Li Holdings Limited**  
**YAN Jianqiang**  
*Co-Chairman, Chief Executive Officer and  
Executive Director*

Hong Kong, 14 November 2019

*As at the date of this announcement, the executive Directors are Mr. CHUA Boon Hou (CAI Wenhao), Mr. YAN Jianqiang and Mr. YUAN Guoshun, the non-executive Director is Mr. WU Tangqing; and the independent non-executive Directors are Mr. LEUNG Yiu Cho, Mr. ZHANG Guangdong and Mr. CHEN Huichun.*

*This announcement, for which the Directors of the Company collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this announcement misleading.*

*This announcement will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the day of its posting. This announcement will also be published on the website of the Company at [www.zhengliholdings.com](http://www.zhengliholdings.com).*

## **CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)**

**GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.**

**Given that the companies listed on the GEM are generally small and mid-sized companies, there is a risk that securities traded on the GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on the GEM.**

*Hong Kong Exchanges and Clearing Limited and the Stock Exchange take no responsibility for the contents of this report, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this report.*

*This report, for which the directors (the “Directors”) of Zheng Li Holdings Limited (the “Company”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the GEM of the Stock Exchange (the “GEM Listing Rules”) for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that, to the best of their knowledge and belief, the information contained in this report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

*This report will remain on the “Latest Listed Company Information” page of the website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) for at least seven days from the date of its posting. This report will also be published on the website of the Company at [www.zhengliholdings.com](http://www.zhengliholdings.com).*

---

## CONTENTS

3	CORPORATE INFORMATION
5	THIRD QUARTERLY RESULTS
5	UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
6	UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
7	NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
11	MANAGEMENT DISCUSSION AND ANALYSIS
14	DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES
14	DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES
15	SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY
16	RELATED PARTY TRANSACTIONS
16	DIRECTORS' INTERESTS IN COMPETING BUSINESSES
16	PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES
16	SHARE OPTION SCHEME
16	DIRECTORS' SECURITIES TRANSACTIONS
17	COMPLIANCE WITH CORPORATE GOVERNANCE CODE
17	AUDIT COMMITTEE
18	SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL
18	DIVIDENDS
18	APPRECIATION

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### EXECUTIVE DIRECTORS

Mr. CHUA Boon Hou (CAI Wenhao)  
Mr. YAN Jianqiang  
*(Co-Chairman and Chief Executive Officer)*  
Mr. YUAN Guoshun *(Co-Chairman)*

#### NON-EXECUTIVE DIRECTOR

Mr. WU Tangqing

#### INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LEUNG Yiu Cho  
Mr. ZHANG Guangdong  
Mr. CHEN Huichun (appointed on 11 September 2019)  
Mr. DENG Bin (resigned on 11 September 2019)

#### AUDIT COMMITTEE

Mr. LEUNG Yiu Cho *(Chairman)*  
Mr. ZHANG Guangdong  
Mr. CHEN Huichun (appointed on 11 September 2019)  
Mr. DENG Bin (resigned on 11 September 2019)

#### REMUNERATION COMMITTEE

Mr. LEUNG Yiu Cho *(Chairman)*  
Mr. ZHANG Guangdong  
Mr. YAN Jianqiang

### NOMINATION COMMITTEE

Mr. ZHANG Guangdong *(Chairman)*  
Mr. CHEN Huichun (appointed on 11 September 2019)  
Mr. DENG Bin (resigned on 11 September 2019)  
Mr. YAN Jianqiang

### RISK MANAGEMENT COMMITTEE

Mr. ZHANG Guangdong *(Chairman)*  
Mr. CHUA Boon Hou (CAI Wenhao)  
Mr. YAN Jianqiang

### COMPLIANCE OFFICER

Mr. CHUA Boon Hou (CAI Wenhao)

### COMPANY SECRETARY

Mr. WONG Cheung Ki Johnny, FCPA, ACIS, ACS

### AUTHORISED REPRESENTATIVES

Mr. CHUA Boon Hou (CAI Wenhao)  
Mr. WONG Cheung Ki Johnny, FCPA, ACIS, ACS

### AUDITOR

Ernst & Young  
*Certified Public Accountants:*  
22/F, CITIC Tower  
1 Tim Mei Avenue  
Central  
Hong Kong

## **PRINCIPAL BANKS**

DBS Bank Limited  
12 Marina Boulevard  
Marina Bay Financial Centre Tower 3  
Singapore 018982

United Overseas Bank Limited  
80 Raffles Place  
UOB Plaza  
Singapore 048624

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

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

## **PRINCIPAL PLACE OF BUSINESS AND HEADQUARTER IN SINGAPORE**

176 Sin Ming Drive  
#01-15 Sin Ming Autocare  
Singapore 575721

## **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

P.O. Box 1350  
Clifton House  
75 Fort Street  
Grand Cayman KY1-1108  
Cayman Islands

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP. 622)**

9/F., Wah Yuen Building  
149 Queen's Road Central  
Hong Kong

## **STOCK CODE**

8283

## **COMPANY'S WEBSITE ADDRESS**

[www.zhengliholdings.com](http://www.zhengliholdings.com)

## THIRD QUARTERLY RESULTS

The board of Directors (the "Board") is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries (the "Group") for the three months and nine months ended 30 September 2019 with comparative figures for the corresponding periods in the year 2018.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and nine months ended 30 September 2019

	Notes	Three months ended 30 September		Nine months ended 30 September	
		2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
<b>REVENUE</b>	3	<b>6,503</b>	4,732	<b>18,439</b>	12,919
<b>Other income and gains</b>		<b>22</b>	137	<b>120</b>	326
<b>Items of expense</b>					
Cost of materials		<b>(3,689)</b>	(2,553)	<b>(9,979)</b>	(6,664)
Marketing and advertising expenses		<b>(30)</b>	(85)	<b>(107)</b>	(182)
Employee benefits expense		<b>(1,651)</b>	(1,405)	<b>(5,014)</b>	(4,360)
Depreciation of property, plant and equipment		<b>(459)</b>	(450)	<b>(1,389)</b>	(1,388)
Amortisation of intangible assets		<b>15</b>	(28)	<b>(47)</b>	(38)
Allowance for doubtful debts		<b>-</b>	(100)	<b>-</b>	(146)
Finance costs		<b>(47)</b>	(35)	<b>(153)</b>	(129)
Other expenses		<b>(868)</b>	(1,281)	<b>(2,664)</b>	(3,431)
<b>Loss before tax</b>		<b>(204)</b>	(1,068)	<b>(794)</b>	(3,093)
Income tax credit/(expense)	4	<b>14</b>	-	<b>(146)</b>	-
<b>Loss for the period</b>		<b>(190)</b>	(1,068)	<b>(940)</b>	(3,093)
<b>TOTAL COMPREHENSIVE LOSS FOR THE PERIOD, NET OF TAX</b>		<b>(190)</b>	(1,068)	<b>(940)</b>	(3,093)
<b>LOSS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT</b>					
— Basic and diluted (S\$ cents)		<b>(0.01)</b>	(0.05)*	<b>(0.05)</b>	(0.15)*

\* The number of shares of the Company (the "Shares") was subdivided into four (4) subdivided Shares from 500,000,000 Shares to 2,000,000,000 Shares on 4 April 2019. Hence, the loss per share attributable to ordinary equity holders of the Parent-Basic and diluted (S\$ cents) for the three months and nine months ended 30 September 2018 has been adjusted.

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 30 September 2019

	Share capital S\$'000	Share premium S\$'000	Available- for-sale investment revaluation reserve S\$'000	Merger reserve S\$'000	Retained profits/ (accumulated losses) S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000
<b>At 1 January 2018 (audited)</b>	900	8,982	8	3,884	(1,511)	–	12,263
Loss for the period	–	–	–	–	(3,093)	–	(3,093)
Total comprehensive income for the period	–	–	–	–	(3,093)	–	(3,093)
<b>At 30 September 2018 (unaudited)</b>	900	8,982	8	3,884	4,604	–	9,170
<b>At 1 January 2019 (audited)</b>	<b>900</b>	<b>8,982</b>	–	<b>3,884</b>	<b>(5,530)</b>	<b>(1)</b>	<b>8,235</b>
Loss for the period	–	–	–	–	(940)	–	(940)
Total comprehensive loss for the period	–	–	–	–	(940)	–*	(940)
<b>At 30 September 2019 (unaudited)</b>	<b>900</b>	<b>8,982</b>	–	<b>3,884</b>	<b>(6,470)</b>	<b>(1)</b>	<b>7,295</b>

\* Amount less than S\$1,000.



## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

### 1. General information

The Company is an exempted company with limited liability incorporated in the Cayman Islands on 17 March 2016. The registered office of the Company is situated at the offices of Esera Trust (Cayman) Limited, P.O. Box 1350, Clifton House, 75 Fort Street, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622) is at 9/F., Wah Yuen Building, 149 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the business of:

- (1) maintenance and repair of passenger cars;
- (2) modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories;
- (3) Provision of sales integrated service platform.

### 2. Basis of preparation

The unaudited financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") which include all International Financial Reporting Standards, International Accounting Standards ("IASs") and Interpretations issued by the International Accounting Standards Board (the "IASB"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance.

On 1 January 2019, the Group has adopted all the new and revised IFRSs issued by IASB that are relevant to its operations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group's accounting policies and has no material effect on the financial performance or position of the Group.

The unaudited financial statements have been prepared under the historical cost convention, except for an available-for-sale investment, which has been measured at fair value. The financial statements are presented in Singapore dollar ("SGD" or "S\$") and all values in the tables are rounded to the nearest thousand ("S\$'000"), except when otherwise indicated.

## Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the three months and nine months ended 30 September 2019. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

## 3. Revenue

Revenue represents services rendered to customers less any discounts and invoiced trading sales of spare parts.

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue from contracts with customers	6,503	–	18,439	–
Maintenance and repair services	–	3,715	–	10,569
Modification, tuning and grooming services and trading of spare parts	–	1,017	–	2,350
	6,503	4,732	18,439	12,919

## 4. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Subsidiaries in Singapore are subject to taxation at a rate of 17% on the estimated profits arising in Singapore.

Subsidiaries in the People's Republic of China ("PRC") are subject to taxation at a rate of 25% on the estimated profits arising in PRC.

	Three months ended		Nine months ended	
	30 September		30 September	
	2019	2018	2019	2018
	S\$'000	S\$'000	S\$'000	S\$'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Current income tax				
— Current period	14	—	(146)	—
Tax (credit)/expense for the period	14	—	(146)	—

## 5. Dividends

The Board did not recommend the payment of any dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: Nil).

## 6. Loss per share attributable to ordinary equity holders of the parent

As at 30 September 2019, the Company had 2,000,000,000 ordinary Shares in issue. The calculation of basic loss per Share is based on the following data:

	Three months ended 30 September		Nine months ended 30 September	
	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)	2019 S\$'000 (Unaudited)	2018 S\$'000 (Unaudited)
<b>Loss</b>				
Loss for the period attributable to owners of the Company for the purpose of basic loss per share	<b>(190)</b>	(1,068)	<b>(940)</b>	(3,093)

  

	Three months ended 30 September		Nine months ended 30 September	
	2019 '000 (Unaudited)	2018 '000 (Unaudited)	2019 '000 (Unaudited)	2018 '000 (Unaudited)
<b>Number of Shares</b>				
Weighted average number of ordinary Shares for the purpose of basic (loss)/earnings per share	<b>2,000,000</b>	500,000	<b>2,000,000</b>	500,000

Basic loss per share for the nine months ended 30 September 2019 is S\$(0.05) cents (2018: S\$(0.15)\* cents).

No adjustment has been made to the basic loss per share as the Group had no potentially dilutive ordinary Shares in issue during the nine months ended 30 September 2019 and 2018.

\* The number of Shares was subdivided into four (4) subdivided Shares from 500,000,000 Shares to 2,000,000,000 Shares on 4 April 2019. Hence, the loss per Share attributable to ordinary equity holders of the Parent-Basic and diluted (S\$Cents) for the three months and nine months ended 30 September 2018 has been adjusted.

## 7. Events after the reporting period

There were no important events affecting the Group that have occurred after the end of the reporting period and up to the date of this report.

## MANAGEMENT DISCUSSION AND ANALYSIS

### Business review

For the nine months ended 30 September 2019, the Group recorded a growth in revenue by approximately S\$5.5 million or 43% from approximately S\$12.9 million for the nine months ended 30 September 2018 to approximately S\$18.4 million for the nine months ended 30 September 2019, mainly attributable to the opening of our new Sin Ming Autocity service centre which commenced operations since September 2017 as well as revenue generated from our “Internet +” car sharing and integrated car rental service market in PRC.

However, the Group recorded a loss of approximately S\$0.9 million for the nine months ended 30 September 2019 as compared to a loss of S\$3.1 million for the corresponding period in 2018. The decrease in loss was mainly attributable to increase in gross profit of approximately S\$2.2 million from approximately S\$6.3 million in 30 September 2018 to approximately S\$8.5 million in 30 September 2019 as a result of increase in revenue as well as decrease in other expenses of approximately S\$0.7 million from approximately S\$3.4 million in 30 September 2018 to approximately S\$2.7 million in 30 September 2019 as a result of decrease in professional advisory fees.

The increase in gross profit was partially offset by increase in employee benefits expenses by approximately S\$0.7 million as a result of increase in group headcount.

The Group is a leading automotive service provider in Singapore. We have over 16 years of experience in the passenger car service industry, and offer a comprehensive range of passenger car services including: (i) maintenance and repair services; (ii) modification, tuning and grooming services; and (iii) provision of extended warranty program. We have the capability to maintain and repair a wide range of brands of passenger cars in Singapore and are equipped with diagnostic equipment for carrying out such services. We modify and tune mainly luxury and ultra-luxury passenger cars, providing services ranging from aesthetic modifications including installing bodykits, to performance modifications including lowering the suspension of passenger cars and replacing the engine control unit. We also sell passenger car spare parts and accessories in Singapore and export to other countries, such as Malaysia, Indonesia, United Kingdom, the PRC and Thailand.

Our management is confident of the Group’s strong performance in our key market Singapore due to the Group’s competitive strengths which include: (i) we are a leading automotive service provider in Singapore with comprehensive service offerings and the capability to repair a wide range of brands of passenger cars; (ii) we collaborate with established car dealers in Singapore and have strong relationships with car tuning parts suppliers; (iii) we focus our modification, tuning and grooming services on luxury and ultra-luxury passenger cars, which has strengthened our brand name; (iv) we focus on providing high quality customer service and stringent quality control; and (v) we have an experienced senior management team who is supported by a team of talented and well-trained technicians.

Since 2018, the Group planned for new development strategies such as new energy car “car sharing” and “new retail sales”. Leveraging on the dual momentum of industrial development and capital operation and taking advantage of the “Internet +” trend, we seek to create new growth driver for our business in relation to car related industries such as car sales, car sharing and core spare parts. The new businesses will provide a prime opportunity for the Group to diversify the Group’s scope of business, broaden the Group’s sources of income and achieve better return to the shareholders.

On 27 July 2018, World Brilliant Investments Limited, an indirect wholly-owned subsidiary of the Company established a direct subsidiary, namely 深圳嗒程科技有限公司 (Shenzhen Dacheng Technology Limited\*). It primarily engages in businesses such as the timeshare car rental and long-term car rental. It is committed to developing the “Internet +” car sharing and rental market in the PRC.

On 3 August 2018, Dragon Hero International Limited, an indirect wholly-owned subsidiary of the Company established a direct subsidiary, namely 鄭州車主角汽車銷售有限公司 (Zhengzhou Car Zhujiao Car Sales Limited\*). With an innovative concept of platform operation, it provides its customers with an innovative car rental and sales integrated service platform which covers car sales, car financing service, car rental service and car insurance service.

---

## Outlook

Since 1 January 2018, the Singapore government has implemented a new vehicular emissions scheme (“VES”) which replaces the Carbon Emissions based Vehicle Scheme. This new scheme is a more stringent one in terms of rebates and surcharges for vehicles that are imported into Singapore, and takes into account various pollutants besides carbon dioxide. Only full-electric cars will qualify for the top-tier rebate of S\$20,000 under this new scheme.

According to Land Transport Authority of Singapore (the “LTA”), between July 2018 and June 2019, the number of new cars registered that qualify for rebates under VES Bands A1 and A2 for car up to 1600cc & 97kw and car above 1600cc or 97kw has collectively increased by about 60 per cent. Within the same period, the number of new cars subject to surcharges under VES Bands C1 and C2 has collectively fallen by about 14 per cent. This VES Scheme for newly registered cars, taxis and imported used cars has extended by a year until 31 December 2020 to continue encouraging the purchases of cleaner car models.

In February 2018, the Singapore government implemented a zero car and motorcycle growth rate policy. The new policy resulted in a number of changes in the market, including an expected fall of total registered vehicles in Singapore, and increased retention of vehicles via renewed certificate of entitlements.

According to the annual vehicle statistic report 2018 released by LTA the private hire and self-operated car services have increased from 16,396 cars in 2013 to 66,480 cars in 2018 where the total number of chauffeur-driven private-hire car increased from 614 cars in 2013 to approximately 45,342 cars in 2018.

On 28 November 2018, the Indonesia base ride-hailing firm Gojek announced its establishment in Singapore private hire car service market. The Singapore private-hire car industry is expected to grow and evolve further.

The above factors present an opportunity for the Group to increase its customer base, given that the private car owners will increasingly require maintenance and repair services.

Other initiatives include the launch of the first electric vehicle sharing service in December 2017 with 80 cars and 32 charging stations across the island. On 31 July 2018, the LTA has granted a full-fledged Taxi Service Operator Licence to operate at least 800 electric taxis within four years of receiving the licence, or by 31 July 2022. Currently, Grab operates the largest electric and hybrid vehicle fleet in South East Asia and 200 new electric vehicles has been acceded to its fleet since January 2019, making it became one of the largest electric vehicle fleet in Singapore. Looking ahead and analysing the broader market development, with the global push towards electrification of transport, the global electric car market will likely transition from early development to mass market adoption in the next 10 to 20 years.

The Group aims to continue to expand our customer base in the highly fragmented passenger car maintenance and repair market, by enhancing our servicing capacity, market reputation and service quality.

The Group will continue to pursue the following key business strategies: (i) continue to strengthen our leading market position in Singapore and expand our servicing capacity and customer base; (ii) continue to increase the brands of car tuning parts that we offer; (iii) further strengthen our brand, operational efficiency and sales and marketing efforts, and improve our customer service quality; (iv) continue to pursue technological advancement in both repair equipment and new vehicle engine type; (v) continue to attract, train and retain skilled employees to support our future growth and expansion; (vi) continue to expand and develop our new business in the PRC and (vii) forge stronger bonds with our customers, suppliers and working partners both in Singapore and PRC.

## Financial review

### Revenue

Revenue of the Group increased by approximately S\$5.5 million or approximately 43% from approximately S\$12.9 million for the nine months ended 30 September 2018 to approximately S\$18.4 million for the nine months ended 30 September 2019. This is mainly due to increases in the capacity and service offerings on both the maintenance and repair services segment as well as the modification, tuning and grooming services and trading of spare parts segment through the new Sin Ming Autocity service centre as well as revenue generated from our “Internet +” car sharing and integrated car rental services in the PRC.

### Employee benefits expense

The Group’s employee benefits expense increased by approximately S\$0.6 million or 15% from approximately S\$4.4 million for the nine months ended 30 September 2018 to approximately S\$5.0 million for the nine months ended 30 September 2019. This is mainly due to increase in employee headcount in line with the business expansion at the new Sin Ming Autocity service centre and our subsidiaries in PRC.

### Other expenses

The Group’s other expenses decreased by approximately S\$0.7 million or 22% from approximately S\$3.4 million for the nine months ended 30 September 2018 to approximately S\$2.7 million for the nine months ended 30 September 2019. This is mainly attributable to the decreases in professional advisory fees.

### Loss for the period

The Group recorded a loss for the nine months ended 30 September 2019 of approximately S\$0.9 million, while a loss of approximately S\$3.1 million was recorded for the nine months ended 30 September 2018. The decrease in loss was mainly attributable to increase in gross profit of approximately S\$2.2 million from approximately S\$6.3 million in 30 September 2018 to approximately S\$8.5 million in 30 September 2019 as a result of increase in revenue as well as decrease in other expenses.

## DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 30 September 2019, the interests and short positions of the Directors and chief executive of the Company or any of their respective associates in the shares (the "Share"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rule 5.46 of the GEM Listing Rules were as follows:

### Long position in the Shares:

Name of Director	Capacity/ Nature of Interest	Shares held as at 30 September 2019	
		Number of Shares	Approximate percentage of shareholding in the Company <sup>(1)</sup>
Mr. CHEN Huichun	Beneficial owner	700,000	0.04%
Ms. WANG Chongyu <sup>(2)</sup>	Interest of spouse	700,000	0.04%

Notes: (1) This is based on the total Shares in issue as at 30 September 2019, being 2,000,000,000.

(2) Ms. WANG Chongyu is the spouse of Mr. CHEN Huichun ("Mrs Chen"). Under the SFO, Mrs Chen is deemed to be interested in the same number of Shares in which Mr. CHEN Huichun is interested.

Save as disclosed above, as at 30 September 2019, none of the Directors, chief executive of the Company or their respective associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed above, at no time during the nine months ended 30 September 2019 was the Company or any of its subsidiaries a party to any arrangements to enable the Directors or their respective spouse or children under 18 years of age to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any of its associated corporations.



## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 30 September 2019, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

### Long Positions in the Shares:

Name	Capacity/ Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company as at 30 September 2019 <sup>(1)</sup>
Mr. LI Jie	Beneficial owner	586,020,000	29.3%
Mdm. HAN Mei <sup>(2)</sup>	Interest of spouse	586,020,000	29.3%

*Notes:*

- (1) This is based on the total Shares in issue as at 30 September 2019, being 2,000,000,000.
- (2) Mdm. HAN Mei is the spouse of Mr. LI Jie ("Mrs Li"). Under the SFO, Mrs Li is deemed to be interested in the same number of Shares in which Mr. LI Jie is interested.

Save as disclosed above, as at 30 September 2019, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no other person or corporation (other than the Directors and chief executive of the Company) who had any interest or short position in the Shares or underlying Shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 or Part XV of the SFO.

---

## **RELATED PARTY TRANSACTIONS**

During the nine months ended 30 September 2019, the Group has not entered into any related party transactions.

## **DIRECTORS' INTERESTS IN COMPETING BUSINESSES**

As at the date of this report, the Directors are not aware of any business or interest of the Directors nor our controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the nine months ended 30 September 2019.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the nine months ended 30 September 2019.

## **SHARE OPTION SCHEME**

The Company conditionally adopted a share option scheme on 21 October 2016 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been granted during the nine months ended 30 September 2019.

## **DIRECTORS' SECURITIES TRANSACTIONS**

The Company has adopted a code of conduct for securities transactions by Directors on terms as required by Rules 5.48 to 5.67 of the GEM Listing Rules ("Required Standard of Dealings"). The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors and all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings during the nine months ended 30 September 2019.



---

## COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

Pursuant to code provision A.2 of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. YAN Jianqiang is currently a co-chairman and chief executive officer of the Group. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Directors consider that throughout the nine months ended 30 September 2019, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

## AUDIT COMMITTEE

The Group's interim results for the three months and nine months ended 30 September 2019 were unaudited. The Company's audit committee (the "Audit Committee") has reviewed the interim results of the Group for the nine months ended 30 September 2019 pursuant to the relevant provisions contained in the CG Code. A meeting of the Audit Committee was held with the management of the Company for, amongst other things, reviewing the unaudited interim results of the Group for the three months and nine months ended 30 September 2019.

---

## SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment, material acquisition or disposal of subsidiaries or associates during the nine months ended 30 September 2019.

## DIVIDENDS

The Board did not recommend the payment of any dividend for the nine months ended 30 September 2019 (nine months ended 30 September 2018: Nil).

## APPRECIATION

On behalf of the Board, I would like to extend our sincere thanks to our shareholders, business partners and customers for their continuous support to the Group. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the period.

By Order of the Board

**YAN Jianqiang**

*Co-chairman, Chief Executive Officer and Executive Director*

Hong Kong, 14 November 2019

*As at the date of this report, the Board comprises Mr. CHUA Boon Hou, Mr. YAN Jianqiang and Mr. YUAN Guoshun as executive Directors; Mr. WU Tangqing as non-executive Director; and Mr. CHEN Huichun, Mr. LEUNG Yiu Cho and Mr. ZHANG Guangdong as independent non-executive Directors.*

\* For identification purpose only