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Optima Automobile Group Holdings Limited
傲迪瑪汽車集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 8418)

**ANNOUNCEMENT OF UNAUDITED ANNUAL RESULTS
FOR THE YEAR ENDED 31 DECEMBER 2021**

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 GEM are generally small and mid-sized companies, there is a risk that securities traded on 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 GEM.

*This announcement, for which the directors (the “**Directors**”) of Optima Automobile Group Holdings Limited (the “**Company**”) collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on 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 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 herein or this announcement misleading.*

UNAUDITED ANNUAL RESULTS ANNOUNCEMENT

For the year ended 31 December 2021

The board (the “**Board**”) of Directors of Optima Automobile Group Holdings Limited is pleased to announce the unaudited consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2021 (“**FY2021**”), together with the comparative audited figures for the year ended 31 December 2020 (“**FY2020**”) as below. For the reasons explained in the paragraph headed “Review of Unaudited Annual Results” in this announcement, the auditing process for the annual results of the Group for the year ended 31 December 2021 has not been completed.

UNAUDITED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2021

	Notes	2021 SGD'000 (unaudited)	2020 SGD'000 (audited)
Revenue	7	57,144	22,297
Other income and gains	8	517	983
Change in trading inventories		(41,831)	(9,031)
Cost of materials used		(4,639)	(3,762)
Marketing and advertising expenses		(424)	(293)
Employee benefit expenses		(5,415)	(4,221)
Depreciation of property, plant and equipment		(460)	(309)
Impairment of right-of-use assets		–	(162)
Impairment of property, plant and equipment		–	(8)
Impairment of interest in an associate		(550)	–
Depreciation of right-of-use assets		(2,539)	(2,610)
Amortisation of intangible assets		(15)	–
Impairment of trade receivables		(20)	(822)
Impairment of other receivables		(24)	–
Reversal of impairment of trade receivables		302	42
Reversal of impairment of property, plant and equipment		8	–
Reversal of impairment of right-of-use assets		396	–
Finance costs	10	(413)	(312)
Short-term lease expenses		(39)	(207)
Other expenses	9	(3,020)	(2,231)
Share of results of a joint venture		(58)	(143)
Share of results of an associate		37	131
Loss before income tax expense	9	(1,043)	(658)
Income tax expense	11	(227)	(131)
Loss for the year		(1,270)	(789)

	<i>Notes</i>	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Other comprehensive income, net of tax			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Exchange differences on translating foreign operations		38	–#
Share of other comprehensive income of a joint venture		–	(10)
Share of other comprehensive income of an associate		<u>(153)</u>	<u>5</u>
Other comprehensive income for the year, net of tax		<u>(115)</u>	<u>(5)</u>
Loss and total comprehensive income for the year		<u>(1,385)</u>	<u>(794)</u>
Loss attributable to:			
Owners of the Company		(887)	(789)
Non-controlling interests		<u>(383)</u>	<u>–</u>
		<u>(1,270)</u>	<u>(789)</u>
Total comprehensive income attributable to:			
Owners of the Company		(1,023)	(794)
Non-controlling interests		<u>(362)</u>	<u>–</u>
		<u>(1,385)</u>	<u>(794)</u>
Losses per share			
– Basic and diluted (<i>SGD cents</i>)	13	<u>(0.10)</u>	<u>(0.09)</u>

Less than SGD1,000

UNAUDITED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2021

	<i>Notes</i>	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		4,292	731
Right-of-use assets		9,106	10,425
Intangible assets		139	–
Interest in a joint venture		–	58
Interest in an associate		1,827	2,642
Prepayment for purchase of fixed assets	<i>14</i>	62	–
Deposits	<i>14</i>	194	194
Total non-current assets		15,620	14,050
Current assets			
Inventories		2,317	1,090
Trade and other receivables	<i>14</i>	5,217	4,093
Cash and cash equivalents		4,494	3,331
Total current assets		12,028	8,514
Current liabilities			
Trade and other payables	<i>15</i>	6,708	3,359
Lease liabilities		2,978	3,504
Bank borrowings		569	174
Current tax liabilities		568	538
Total current liabilities		10,823	7,575
Net current assets		1,205	939
Total assets less current liabilities		16,825	14,989

	<i>Notes</i>	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Non-current liabilities			
Lease liabilities		2,332	3,501
Bank borrowings		3,931	463
Deferred tax liabilities		–	97
		<hr/>	<hr/>
Total non-current liabilities		6,263	4,061
		<hr/>	<hr/>
Net assets		10,562	10,928
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Share capital		1,497	1,497
Reserves		8,408	9,431
		<hr/>	<hr/>
Equity attributable to owners of the Company		9,905	10,928
Non-controlling interests		657	–
		<hr/>	<hr/>
Total equity		10,562	10,928
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2021

1. GENERAL INFORMATION

Optima Automobile Group Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2018. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The principal place of business is located at 6 Kung Chong Road, Alexandra Industrial Estate, Singapore 159143. On 11 October 2019, the Company’s shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company and its subsidiaries are together referred to as the Group hereinafter.

The principal activity of the Company is investment holding. The principal activity of the Group is provision of repair and maintenance of motor vehicles, car rental business and automotive supply in Singapore, trading of motor vehicles and provision of management platform services in education business in the People’s Republic of China (the “**PRC**”). As at 31 December 2021, the immediate holding company of the Company was Red Link International Limited, a limited liability incorporated in the British Virgin Islands. The directors of the Company considered the ultimate holding company to be Red Link International Limited.

2. BASIS OF PRESENTATION AND PREPARATION

(a) Basis of presentation

The consolidated financial statements has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all individual HKFRSs, Hong Kong Accounting Standards (“**HKASs**”) and related interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”). The consolidated financial statements also comply with the applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on GEM of the Stock Exchange.

The consolidated financial statements are presented in Singapore dollars (“**SGD**”). Items included in the financial statements of each entity within the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “**functional currency**”). The functional currency of the Company is SGD. The majority of the Company’s subsidiaries are operating in Singapore and SGD is used as the presentation currency of the Group.

The consolidated financial statements are prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3. ADOPTION OF HKFRSs

(a) Adoption of new or revised HKFRSs – effective from 1 January 2021

The HKICPA has issued a number of new or revised HKFRSs that are first effective for the current accounting period of the Group:

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19 – Related Rent Concessions

None of these new or revised HKFRSs have a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or revised HKFRSs that is not yet effective for the current accounting period.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021 ¹
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract ²
Amendments to HKAS 16	Proceeds before Intended Use ²
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle ²
Amendments to HKFRS 3	Reference to the Conceptual Framework ³
HKFRS 17	Insurance Contracts ⁴
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current ⁴
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause ⁴
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies ⁴
Amendments to HKAS 8	Definition of Accounting Estimates ⁴
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction ⁴
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture ⁵

¹ Effective for annual periods beginning on or after 1 April 2021.

² Effective for annual periods beginning on or after 1 January 2022.

³ Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.

⁴ Effective for annual periods beginning on or after 1 January 2023.

⁵ The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

(i) Amendments to HKFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments extend the time limit in one of the qualifying criteria of the practical expedient for COVID-19-related rent concessions from 30 June 2021 to 30 June 2022. As such, the use of the practical expedient is available to most rent concessions, in particular those involving reduction in lease payments originally due after 30 June 2021 but before 30 June 2022.

A lessee is required to apply the amendments retrospectively, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of equity at the beginning of the annual reporting period. Lessees that had elected to apply the practical expedient in their previous financial statements are required to apply the extension to eligible contracts with similar characteristics and in similar circumstances.

(ii) Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the ‘cost of fulfilling’ a contract comprises that ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments shall be applied to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

(iii) Amendments to HKAS 16 – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

The amendments shall be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

(iv) Annual Improvements to HKFRSs 2018-2020 Cycle

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent’s date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the ‘10 per cent’ test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other’s behalf are included. The amendment shall be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.
- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.
- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

(v) Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

(vi) HKFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 “Insurance Contracts”. The standard outlines a ‘General Model’, which is modified for insurance contracts with direct participation features, described as the ‘Variable Fee Approach’. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

(vii) Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

(viii) Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

Amendments to HKAS 1 and HKFRS Practice Statement 2 replace the requirement of entities to disclose their significant accounting policies with a requirement to disclose their material accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements. The amendments to HKFRS Practice Statement 2 provide guidance on applying materiality judgments on accounting policy disclosures. In assessing the materiality of accounting policy information, entities are required to consider both the size of the transactions, other events or conditions and the nature of them.

(ix) Amendments to HKAS 8 – Definition of Accounting Estimates

Amendments to HKAS 8 provide a new definition for accounting estimates. The new definition states that accounting estimates are monetary amounts that are subject to material uncertainty. The amendments clarify the distinction among changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

(x) Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 "Income Taxes" require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

(xi) Amendments to HKFRS 10 and HKAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the re-measurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these new or revised HKFRSs may have an impact on the financial statements in future periods should such transaction arise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination, basis of consolidation and subsidiaries

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

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

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

(c) Joint arrangements

The Group is a party to a joint arrangement where there is a contractual arrangement that confers joint control over the relevant activities of the arrangement to the Group and at least one other party. Joint control is assessed under the same principles as control over subsidiaries.

The Group classifies its interests in joint arrangements as either:

- Joint ventures: where the Group has rights to only the net assets of the joint arrangement; or
- Joint operations: where the Group has both the rights to assets and obligations for the liabilities of the joint arrangement.

In assessing the classification of interests in joint arrangements, the Group considers:

- the structure of the joint arrangement;
- the legal form of joint arrangements structured through a separate vehicle;
- the contractual terms of the joint arrangement agreement; and
- any other facts and circumstances (including any other contractual arrangements).

The Group accounts for its interests in joint ventures in the same manner as investments in associates (i.e. using the equity method).

The Group accounts for its interests joint operations by recognising its share of assets, liabilities, revenues and expenses in accordance with its contractually conferred rights and obligations.

(d) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

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

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Computer	3 years
Furniture and fittings	2 to 5 years
Machine equipment	2 to 10 years
Motor vehicles	3 to 10 years
Office equipment	3 years
Leasehold improvements	Over the shorter of remaining life of the leases but not exceeding 3 years

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(e) Intangible assets

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from acquisition is allocated to each of the relevant cash-generating units ("CGUs") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of asset that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount.

For goodwill arising from an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit on pro-rata basis over the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(ii) *Acquired intangible assets*

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised in profit or loss and is provided on straight-line method over their estimated useful lives as follows.

Software development system	5 years
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(iii) *Impairment*

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in profit or loss immediately.

(f) *Leases*

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

- (i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);
- (ii) any lease payments made at or before the commencement date, less any lease incentives received;
- (iii) any initial direct costs incurred by the lessee; and
- (iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-of-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

- (i) fixed lease payments less any lease incentives receivable;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;
- (iii) amounts expected to be payable by the lessee under residual value guarantees;
- (iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and
- (v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

- (i) increasing the carrying amount to reflect interest on the lease liability;
- (ii) reducing the carrying amount to reflect the lease payments made; and
- (iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

The Group as a lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased assets to the lessee. All other leases are classified as operating leases.

Amounts due from lessees under finance leases are recorded 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.

Rental income from operating leases is recognised in profit or loss 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 as an expense on the straight-line basis over the lease term.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of leased properties for own use (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

(g) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method for automotive business in Singapore and the PRC and weighted average method is used for education business in the PRC. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

(h) Financial instruments

(i) Financial assets

The Group classifies its financial assets in the following measurement categories: financial assets at fair value (either through other comprehensive income or through profit or loss); and financial assets at amortised cost. The classification is generally based on two criteria: the business model under which the financial asset is managed and the contractual cash flow characteristic of the financial asset. Investments in financial assets are recognised on the date the Group commits to purchase the investments. A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Amortised cost

Subsequent to initial recognition, financial assets that are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses (“ECLs”) on the financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs or 12-months ECLs. For trade receivables, lease receivables and contract assets, the Group applies a simplified approach to measure the loss allowance at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated individually or collectively using a provision matrix based on the Group’s historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. For other debt financial assets, the Group measures the loss allowance either based on 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of receivables has occurred since initial recognition, loss allowance is measured based on lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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 counterparty; 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).

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or past due event;

it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iii) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) *Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) *Equity instruments*

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(vi) *Derecognition*

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(vii) *Contract assets and contract liabilities*

A contract asset is recognised when the Group recognises revenue (see Note 4(p)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 4(h)(ii). Loss allowance for contract assets is measured at an amount equal to lifetime ECLs. ECLs on contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers and an assessment of both the current and forecast general economic conditions at the reporting date. Contract assets are reclassified to trade receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 4(p)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

(i) **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

(j) **Foreign currencies**

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the “**functional currency**”) are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on 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 translation 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 except for differences arising on the retranslation of nonmonetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

(k) **Employee benefits**

(i) ***Short-term employee benefits***

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

(ii) ***Defined contribution retirement plan***

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. Defined contribution retirement plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(iii) ***Termination benefits***

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(l) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(m) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value-in-use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(n) Government grants

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

(o) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(p) Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

The Group recognises revenue when (or as) a performance obligation is satisfied (i.e. when control of the goods or services underlying in particular performance obligation is transferred to customers).

Control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

- (i) Service income from the provision of repair and maintenance of motor vehicles is recognised over time as the Group satisfies its performance obligation.
- (ii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease. (Note 4(f))
- (iii) Warranty income under the Group's own warranty programme is recognised as revenue over the warranty period on a straight-line basis. For the warranty programme entered into by a customer with an insurance company of which the Group is the designated service workshop, the warranty income is recognised over time as the Group satisfies its performance obligation.
- (iv) Income from automotive supply business is recognised when the control of the goods is transferred to customers, being when the products are accepted by the customers. There was no unfulfilled obligation that could affect the customers' acceptance of the products. Fee income for licensing computer software inbuilt in the automotive equipment is recognised when the control of the goods is transferred to customers.
- (v) Education platform service income is recognised as revenue over time for services rendered over the service period on a straight-line basis. For the hardware and equipment supplied in relation to the education platform service, the income is recognised at the point in time when the control of the goods is transferred to customers.

(q) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(r) Research and development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

(s) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of key management personnel of the Group or the Company's parent.

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- (iii) Both entities are joint ventures of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.
- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- (i) that person's children and spouse or domestic partner;
- (ii) children of that person's spouse or domestic partner; and
- (iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying amount of property, plant and equipment.

(ii) Impairment of trade and other receivables

Management determines impairment of trade and other receivables on a regular basis. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of its debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. Further information on the impairment of trade and other receivables is included in Note 14.

(iii) Impairment of non-financial assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with relevant accounting policies. Impairment loss is recognised when the carrying amount of an asset is lower than the greater of the fair value less costs of disposal and value-in-use. In determining the value-in-use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgments are applied in determining these future cash flows and the discount rate.

(iv) Determining the method to estimate variable consideration and assessing the constraint for the warranty income

Certain contracts for the warranty income include clauses that might affect the amount of warranty income recognised that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the warranty income, given the large number of warranty contracts that have similar characteristics.

Before including any amount of warranty income in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on historical experience, business forecast and the current economic environment, as well as the uncertainty being resolved within a short period of time.

(v) Critical judgments in allocating the transaction price

Some automotive equipment supply contracts include an inbuilt computer software with a specified value. Because these contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations on a relative standalone selling price basis.

Management estimates the standalone selling price at contracts inception based on observable prices of the computer software and the equipment to be provided in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative standalone selling prices.

(vi) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain goods or services to its customers requires judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group controls the specified goods or services before it is transferred to the customers, is primarily responsible for fulfilling the contracts, is subject to inventory risk, and has discretion in establishing prices.

(vii) Valuation of intangible assets and estimated useful lives

The Group has made estimations and assumptions in relation to the potential future cash flows of identifiable intangible assets acquired as part of business combinations. This assessment involves estimations and assumptions relating to potential future revenues, appropriate discount rates and the estimated useful lives of such assets. These estimations and assumptions impact the statement of profit or loss over the estimated useful life of the intangible asset.

6. SEGMENT INFORMATION

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

The Group has four reportable segments. The segments are managed separately as each business offers different services and requires different business strategies.

The following summary describes the operations in each of the Group's reportable segments:

- After-market automotive services – inspection, repair services and maintenance
- Car rental services – provision of car rental services
- Automotive supply business – trading of motor vehicles and supply of passenger car spare parts, accessories and automotive equipment
- Education business service – data collection and provision of management platform service income

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated other income and gains, staff costs, finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets included all assets but excluded certain property, plant and equipment and right-of-use assets, as well as corporate assets not directly attributable to the business activities of any operating segment.

Segment liabilities included all liabilities but excluded current and deferred tax liabilities, certain lease liabilities and corporate liabilities not directly attributable to the business activities of any operating segment.

(a) **Business segment**

For the year ended 31 December 2021

	After-market automotive services <i>SGD'000</i> (unaudited)	Car rental services <i>SGD'000</i> (unaudited)	Automotive supply business <i>SGD'000</i> (unaudited)	Education business service <i>SGD'000</i> (unaudited)	Total <i>SGD'000</i> (unaudited)
Segment revenue					
Revenue from external customers	<u>12,280</u>	<u>2,366</u>	<u>42,444</u>	<u>54</u>	<u>57,144</u>
Segment profit/(loss)	<u>5,668</u>	<u>399</u>	<u>472</u>	<u>(669)</u>	<u>5,870</u>
Other income and gains					517
Share of results of a joint venture	(58)	-	-	-	(58)
Share of results of an associate	37	-	-	-	37
Unallocated staff costs					(3,094)
Unallocated corporate expenses					(4,030)
Unallocated finance costs					(285)
Loss before income tax expense					<u>(1,043)</u>
Other segment information					
Unallocated depreciation					(1,317)
Unallocated income tax					(227)

For the year ended 31 December 2020

	After-market automotive services <i>SGD'000</i> (audited)	Car rental services <i>SGD'000</i> (audited)	Automotive supply business <i>SGD'000</i> (audited)	Education business service <i>SGD'000</i> (audited)	Total <i>SGD'000</i> (audited)
Segment revenue					
Revenue from external customers	<u>11,200</u>	<u>1,983</u>	<u>9,114</u>	<u>-</u>	<u>22,297</u>
Segment profit/(loss)	<u>5,331</u>	<u>(642)</u>	<u>333</u>	<u>-</u>	<u>5,022</u>
Other income and gains					1,025
Share of results of a joint venture	(143)	-	-	-	(143)
Share of results of an associate	131	-	-	-	131
Unallocated staff costs					(2,627)
Unallocated corporate expenses					(4,036)
Unallocated finance costs					(30)
Loss before income tax expense					<u>(658)</u>
Other segment information					
Unallocated depreciation					(1,295)
Unallocated income tax					(131)

As at 31 December 2021

	After-market automotive services <i>SGD'000</i> (unaudited)	Car rental services <i>SGD'000</i> (unaudited)	Automotive supply business <i>SGD'000</i> (unaudited)	Education business service <i>SGD'000</i> (unaudited)	Total <i>SGD'000</i> (unaudited)
Segment assets	3,623	10,779	2,144	1,480	18,026
Interest in a joint venture	-	-	-	-	-
Interest in an associate	1,827	-	-	-	1,827
	<u>5,450</u>	<u>10,779</u>	<u>2,144</u>	<u>1,480</u>	19,853
Unallocated property, plant and equipment					24
Unallocated right-of-use assets					1,998
Unallocated cash and cash equivalents					4,494
Unallocated corporate assets					<u>1,279</u>
Total assets					<u>27,648</u>
	After-market automotive services <i>SGD'000</i> (unaudited)	Car rental services <i>SGD'000</i> (unaudited)	Automotive supply business <i>SGD'000</i> (unaudited)	Education business service <i>SGD'000</i> (unaudited)	Total <i>SGD'000</i> (unaudited)
Segment liabilities	<u>758</u>	<u>6,404</u>	<u>1,987</u>	<u>146</u>	9,296
Current tax liabilities					568
Unallocated bank borrowings					1,500
Unallocated lease liabilities					2,076
Unallocated corporate liabilities					<u>3,646</u>
Total liabilities					<u>17,086</u>

As at 31 December 2020

	After-market automotive services <i>SGD'000</i> (audited)	Car rental services <i>SGD'000</i> (audited)	Automotive supply business <i>SGD'000</i> (audited)	Education business service <i>SGD'000</i> (audited)	Total <i>SGD'000</i> (audited)
Segment assets	3,386	7,564	–	–	10,950
Interest in a joint venture	58	–	–	–	58
Interest in an associate	2,642	–	–	–	2,642
	<u>6,086</u>	<u>7,564</u>	<u>–</u>	<u>–</u>	<u>13,650</u>
Unallocated property, plant and equipment					42
Unallocated right-of-use assets					3,054
Unallocated cash and cash equivalents					3,331
Unallocated corporate assets					<u>2,487</u>
Total assets					<u><u>22,564</u></u>
	After-market automotive services <i>SGD'000</i> (audited)	Car rental services <i>SGD'000</i> (audited)	Automotive supply business <i>SGD'000</i> (audited)	Education business service <i>SGD'000</i> (audited)	Total <i>SGD'000</i> (audited)
Segment liabilities	<u>1,417</u>	<u>3,865</u>	<u>779</u>	<u>–</u>	6,061
Current tax liabilities					538
Deferred tax liabilities					97
Unallocated lease liabilities					3,126
Unallocated corporate liabilities					<u>1,814</u>
Total liabilities					<u><u>11,636</u></u>

All assets are allocated to operating segments other than unallocated assets (mainly comprising certain property, plant and equipment and right-of-use assets, other receivables and cash and cash equivalents).

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising current and deferred tax liabilities, certain bank borrowings, lease liabilities and other payables).

For the year ended 31 December 2021

	After-market automotive services <i>SGD'000</i> (unaudited)	Car rental services <i>SGD'000</i> (unaudited)	Automotive supply business <i>SGD'000</i> (unaudited)	Education business service <i>SGD'000</i> (unaudited)	Total <i>SGD'000</i> (unaudited)
Other segment information					
Additions to non-current assets	347	2,858	–	–	3,205
Depreciation of property, plant and equipment	(205)	(183)	(1)	(14)	(403)
Depreciation of right-of-use assets	(34)	(1,224)	(21)	–	(1,279)
Amortisation of intangible assets	–	–	–	(15)	(15)
Reversal of impairment of trade receivables	302	–	–	–	302
Reversal of impairment of property, plant and equipment	–	8	–	–	8
Reversal of impairment of right-of-use assets	–	396	–	–	396
Impairment of an associate	(550)	–	–	–	(550)
Staff costs	(1,879)	(231)	(119)	(92)	(2,321)
Finance costs	–	(128)	–	–	(128)
Research expenses	–	–	–	(571)	(571)

For the year ended 31 December 2020

	After-market automotive services <i>SGD'000</i> (audited)	Car rental services <i>SGD'000</i> (audited)	Automotive supply business <i>SGD'000</i> (audited)	Education business service <i>SGD'000</i> (audited)	Total <i>SGD'000</i> (audited)
Other segment information					
Additions to non-current assets	487	587	–	–	1,074
Depreciation of property, plant and equipment	(128)	(157)	–	–	(285)
Depreciation of right-of-use assets	(23)	(1,316)	–	–	(1,339)
Impairment of right-of-use assets	–	(162)	–	–	(162)
Impairment of property, plant and equipment	–	(8)	–	–	(8)
Staff costs	(1,474)	(120)	–	–	(1,594)
Finance costs	–	(282)	–	–	(282)

Additions to non-current assets mainly represents additions to property, plant and equipment and right-of-use assets.

	Revenue from external customers		Specified non-current assets	
	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Geographic information				
Singapore (place of domicile)	15,068	13,474	13,281	11,154
The PRC	42,076	8,823	256	2
Other Asian countries	–	–	1,827	2,700
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	<u>57,144</u>	<u>22,297</u>	<u>15,364</u>	<u>13,856</u>

(b) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Automotive supply business		Car rental services	
	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Customer A	4,548 [#]	2,811	–	–
Customer B	11,085	–	–	–
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

[#] The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year.

7. REVENUE

An analysis of revenue from the Group's principal activities is as follows:

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Revenue from contracts with customers within the scope of HKFRS 15		
Service income	11,802	10,749
Warranty income	478	451
Automotive supply income	42,444	9,114
Education business service income	54	–
	<u> </u>	<u> </u>
Revenue from other sources		
Car rental income	2,366	1,983
	<u> </u>	<u> </u>
	<u>57,144</u>	<u>22,297</u>

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Disaggregation by timing of revenue recognition		
Over time	12,334	11,200
Point in time	42,444	9,114
	<u>54,778</u>	<u>20,314</u>

(a) Contract assets

The Group has recognised the following revenue-related contract assets:

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Contract assets (<i>Note 14</i>)	<u>169</u>	<u>246</u>

(i) Nature of contract assets

Contract assets of the Group arise from the after-market automotive services that have been partially provided but have not been completed as at the end of the reporting period. The balance as at 31 December 2021 and 2020 mainly represented car repair services partially complete under the Group's after-market automotive service business.

The contract assets were transferred to trade receivables when the rights became unconditional where car repair services were complete. The typical payment terms which impact on the contract assets are the Group normally issue bill to customers for payment upon completion of the relevant services.

(ii) The expected timing of recovery or settlement for contract assets is as follows:

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Within one year	<u>169</u>	<u>246</u>

(iii) An impairment analysis was performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. As at 31 December 2021, no provision was made as the ECLs on contract assets were immaterial (2020: nil).

(b) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Contract liabilities (<i>Note 15</i>)	1,667	1,142

(i) Nature of contract liabilities

Contract liabilities of the Group arise from the advance payments made by customers while the underlying goods or services have not been provided. Balance as at 31 December 2021 and 2020 mainly represented advance payments received from customers under the Group's after-market automotive service business and automotive supply business.

(ii) Unsatisfied performance obligations

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts of after-market automotive service and automotive supply business such that did not include information about service and supply income that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts of service and supply income that had an original expected duration of one year or less.

The contract liabilities as at 31 December 2021 and 2020 did not include any considerations that the Group may earn in the future by meeting conditions set out in the contracts of service and supply income with customers.

(iii) Movements in contract liabilities

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Balance as at 1 January	1,142	215
Increase in contract liabilities as a result of advance payments made by customers	42,721	1,037
Amounts included in contract liabilities that was recognised as revenue during the year	(42,325)	(110)
Exchange realignment	129	–
Balance as at 31 December	1,667	1,142

(c) **Assets recognised from incremental costs to obtain a contract**

During the years ended 31 December 2021 and 2020, there were no significant incremental costs to obtain a contract.

8. OTHER INCOME AND GAINS

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Government grants (<i>Note</i>)	303	700
Gain on disposal of property, plant and equipment	–	4
Gain on disposal of right-of-use assets	42	–
Gain on acquisition of a subsidiary	93	–
Exchange gains	–	159
Interest income	3	–
Others	76	120
	<hr/> 517 <hr/>	<hr/> 983 <hr/>

Note:

There were no unfulfilled conditions and other contingencies attaching to government grants for income recognised during the year ended 31 December 2021 and 2020.

9. LOSS BEFORE INCOME TAX EXPENSE

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Loss before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	100	78
Depreciation of property, plant and equipment		
– Direct depreciation expenses	403	285
– Indirect depreciation expenses	57	24
– Total	<u>460</u>	<u>309</u>
Depreciation of right-of-use assets		
– Direct depreciation expenses	1,279	1,339
– Indirect depreciation expenses	1,260	1,271
– Total	<u>2,539</u>	<u>2,610</u>
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	4,988	3,897
– Contributions to defined contribution retirement plan	427	324
– Total	<u>5,415</u>	<u>4,221</u>
– Direct employee benefit expenses	2,321	1,594
– Indirect employee benefit expenses	3,094	2,627
– Total	<u>5,415</u>	<u>4,221</u>
Amortisation of intangible assets	15	–
Impairment of property, plant and equipment	–	8
Reversal of impairment of property, plant and equipment	(8)	–
Impairment of right-of-use assets	–	162
Reversal of impairment of right-of-use assets	(396)	–
Impairment of interest in an associate	550	–
Impairment of trade receivables (<i>Note 14</i>)	20	822
Impairment of other receivables (<i>Note 14</i>)	24	–
Reversal of impairment of trade receivables (<i>Note 14</i>)	(302)	(42)
Bad debts written off	–	1
Loss on disposal of right-of-use assets	–	12
Effect of lease termination	–	(32)
Write off of property, plant and equipment	–	3
Short-term lease expenses	<u>39</u>	<u>207</u>

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Other expenses		
– Utilities expense	84	59
– Cost of services	211	266
– Maintenance costs	807	858
– Merchant fees and bank charges	194	167
– Office-related expenses	280	174
– Professional and legal fees	745	615
– Telecommunication expenses	42	40
– Refreshments	3	3
– Bad debts written off	–	1
– Loss on disposal of right-of-use assets	–	12
– Research expenses	571	–
– Other operating expenses	83	36
	<hr/>	<hr/>
Total	3,020	2,231
	<hr/> <hr/>	<hr/> <hr/>

10. FINANCE COSTS

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Interest element of lease liabilities	245	282
Interest on bank borrowings	68	24
Interest on short-term loans wholly repayable within 1 year	100	6
	<hr/>	<hr/>
	413	312
	<hr/> <hr/>	<hr/> <hr/>

11. INCOME TAX EXPENSE

The amounts of income tax in the unaudited consolidated statement of profit or loss and other comprehensive income represent:

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
The PRC		
Current tax		
– Current year	57	–
Singapore		
Current tax		
– Current year	169	96
– Under-provision in respect of prior years	98	47
Deferred tax credit	<hr/> (97)	<hr/> (12)
Income tax expense	<hr/> 227	<hr/> 131
	<hr/> <hr/>	<hr/> <hr/>

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the year ended 31 December 2021 (2020: 17%).

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions for the years ended 31 December 2021 and 2020.

The income tax expense can be reconciled to the loss before income tax expense in the unaudited consolidated statement of profit or loss and other comprehensive income as follows:

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Loss before income tax expense	<u>(1,043)</u>	<u>(658)</u>
Tax calculated at the domestic tax rate	(177)	(112)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	(5)	(6)
Tax effect of share of results of a joint venture	10	26
Tax effect of share of results of an associate	(6)	(23)
Tax effect of expenses not deductible for tax purposes	522	177
Tax effect of revenue not taxable for tax purposes	(69)	(28)
Tax effect of deductible temporary difference not recognised	162	–
Tax effect of non-taxable temporary difference not recognised	(272)	–
Under-provision in respect of prior years	1	35
Tax rebates	(18)	(22)
Tax effect of unused tax losses not recognised	77	75
Others	<u>2</u>	<u>9</u>
Income tax expense	<u>227</u>	<u>131</u>

12. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year ended 31 December 2021 (2020: nil).

13. LOSSES PER SHARE

	2021 (unaudited)	2020 (audited)
The basic and diluted losses per share for the year are calculated based on the following:		
Loss attributable to owners of the Company for the year (<i>SGD'000</i>)	<u>(887)</u>	<u>(789)</u>
Weighted average number of ordinary shares in issue (<i>Note</i>)	<u>850,000,000</u>	<u>850,000,000</u>
Basic and diluted losses per share (<i>SGD cents</i>)	<u>(0.10)</u>	<u>(0.09)</u>

Note:

For the year ended 31 December 2021, the calculation of basic losses per share was based on the loss attributable to the owners of the Company and on the basis of the weighted average number of 850,000,000 (2020: 850,000,000) ordinary shares in issue.

Diluted losses per share were the same as basic losses per share as there was no dilutive potential ordinary share in existence during the years ended 31 December 2021 and 2020.

14. TRADE AND OTHER RECEIVABLES

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Trade receivables	2,019	2,834
Less: impairment loss	(767)	(1,066)
	<hr/>	<hr/>
Trade receivables, net (<i>Note (a)</i>)	1,252	1,768
Contract assets (<i>Note 7(a)</i>)	169	246
Deposits, prepayment and other receivables (<i>Note (b)</i>)	4,052	2,273
	<hr/>	<hr/>
	5,473	4,287
	<hr/> <hr/>	<hr/> <hr/>
Categorised as:		
Current portion	5,217	4,093
Non-current portion	256	194
	<hr/>	<hr/>
	5,473	4,287
	<hr/> <hr/>	<hr/> <hr/>

Notes:

- (a) As at 31 December 2021, included in trade receivables represented lease receivables arising from car rental business amounted to SGD125,000 (2020: SGD148,000).

The fair values of trade receivables are considered by the directors not to be materially different from their carrying amounts. The normal credit period granted to customers was ranged from 30 to 90 days.

- (b) During the year ended 31 December 2021, impairment loss of SGD24,000 (2020: nil) have been provided for other receivables, which was assessed based on expected credit losses model under general approach.

As at 31 December 2021, included in other receivables represented dividend receivable from an associate of SGD149,000 (2020: nil).

The ageing analysis of trade receivables, based on invoice date, as at the end of the reporting period is as follows:

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Within 30 days	481	490
31 – 60 days	169	298
61 – 90 days	110	162
91 – 180 days	163	264
181 – 365 days	249	437
Over 365 days	80	117
	<u>1,252</u>	<u>1,768</u>

The ageing analysis of trade receivables, based on due date, as at the end of the reporting periods, is as follows:

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
Not yet past due	<u>244</u>	<u>211</u>
Less than 60 days	431	611
61 – 90 days	102	159
91 – 180 days	163	239
181 – 365 days	250	431
Over 365 days	<u>62</u>	<u>117</u>
	<u>1,008</u>	<u>1,557</u>
	<u>1,252</u>	<u>1,768</u>

Trade receivables that were not yet past due related to a range of customers for whom there was no recent history of default. Trade receivables that were past due related to customers with long business relationship. Based on past experience, management believes that there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of these balances.

Movements in impairment loss recognised in respect of trade receivables are as follows:

	2021 SGD'000 (unaudited)	2020 <i>SGD'000</i> (audited)
At beginning of year	1,066	413
Allowance for impairment (<i>Note 9</i>)	20	822
Reversal of impairment (<i>Note 9</i>)	(302)	(42)
Write off against receivables	<u>(17)</u>	<u>(127)</u>
At end of year	<u>767</u>	<u>1,066</u>

Impairment of trade receivables

As at 31 December 2021, total allowance of SGD726,000 (2020: SGD992,000) was recognised as management considered the recoverability of balance was remote. For the remaining trade receivables, the Group applies the simplified approach to provide for expected credit loss prescribed by HKFRS 9 and total allowance of SGD41,000 (2020: SGD74,000) was made against the gross amount of trade receivables as at 31 December 2021. No bad debts was written off directly to profit or loss for the year ended 31 December 2021 (2020: SGD1,000) (Note 9).

All contract assets and other receivables as at 31 December 2021 and 2020 were neither past due nor credit-impaired.

15. TRADE AND OTHER PAYABLES

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Trade payables (<i>Note (a)</i>)	726	652
Other payables, accruals and deposits received (<i>Note (b)</i>)	4,315	1,565
Contract liabilities (<i>Note 7(b)</i>)	1,667	1,142
	<u>6,708</u>	<u>3,359</u>

Notes:

- (a) The credit period granted by suppliers is normally 30 to 60 days. The ageing analysis of trade payables, based on invoice date, as at the end of the reporting period are as follows:

	2021 <i>SGD'000</i> (unaudited)	2020 <i>SGD'000</i> (audited)
Within 30 days	357	321
31 – 60 days	285	222
61 – 90 days	63	90
Over 90 days	21	19
	<u>726</u>	<u>652</u>

- (b) As at 31 December 2021, other payables included amounts due to related companies represented loans with principal amounts of USD390,000, HKD5,010,000 and RMB5,220,000 (in aggregate equivalent to approximately SGD2,515,000), which were unsecured, interest-bearing at 5% per annum and repayable within one year. Ms. Nie Li (director of the Company) and Mr. Hu Wu'an (chairman and executive director of the Company) were directors of the related companies, while Ms. Nie Li was a shareholder and Mr. Hu Wu'an was a controlling shareholder of the related companies.

As at 31 December 2020, included in other payables represented loan payable to an independent third party of SGD406,000 which was unsecured, interest-bearing at 3.6% per annum and repayable on 29 June 2021.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Group is a one-stop after-market automotive service provider in Singapore offering comprehensive and integrated automotive-related solutions to customers. The Group is principally engaged in the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services and also engaged in (i) offering short-term and long-term car rental services; and (ii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in China. The Group operates three service centres and one paint workshop in Singapore. Our service centres are equipped with cutting-edge diagnostic equipment and facilities for the provision of comprehensive after-market automotive services except for spray painting services which shall be handled by our paint workshop.

In order to broaden the trading of the Group's parallel imported vehicles and related businesses in Mainland China, the Group has established a wholly-owned subsidiary Hunan Optima Automobile Co., Ltd. in Changsha, Hunan, the PRC on 3 February 2021, which is mainly responsible for the business in central and southern China, with Hu Wu'an, the executive director of the Group, acting as the general manager. It mainly builds a supply chain focusing on imported vehicles, car spare parts and supporting services and provides customers with a "one-stop" high-quality services of parallel imported vehicles, safe, fast, price-competitive and flexible vehicle supporting financial insurance.

On 1 February 2021, there were news of the political developments in Myanmar, announcing the detention of Aung San Suu Kyi, the State Counsellor of Myanmar and the other leaders of the National League Democracy Party. Myanmar's military has also announced a one-year state of emergency during which the military would be taking over the affairs of Myanmar. It has further pledged to hold elections after one year and operate in line with existing laws. The operation of Optima Werkz Myanmar Services Co., Ltd. ("OWMS"), a 35% owned associate of the Group which is in the business of repairs and maintenance of motor vehicles including installation of parts and accessories in Yangon, Myanmar, was disrupted due to the political situation and declaration of martial law in some areas of Yangon on 14 March 2021. To ensure the safety of all staff, they are advised to work from home until the situation improves. As at the date of this announcement, OWMS has resumed business and the staff has returned to work at the workshop despite that the Myanmar's military continues to rule the country. In view of the uncertainties in the recovery of the economy in Myanmar affected by the political developments, the Group has recorded an impairment of its interest in OWMS amounting to approximately SGD0.6 million.

Automotive supply income increased by approximately SGD33.3 million for FY2021 to approximately SGD42.4 million as compared to approximately SGD9.1 million for FY2020. The increase is mainly due to the Group's full year activity to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China for FY2021 as compared to FY2020 as the activity commenced in July 2020. The Group's after-market automotive services revenue increased by SGD1.1 million as there was a recovery in FY2021 from the COVID-19 control measures in FY2020 and the car rental business revenue has increased by SGD0.4 million as compared to FY2020.

OUTLOOK

Although there has been progress in COVID-19 vaccines development and deployment around the world, uncertainties and risks in the global economy remains in the year ahead due to factors such as the adequacy of vaccine supplies and speed of vaccine deployment, the possible emergence and spread of new strains of the virus as well as the strength of policy support to drive economic recovery. The Group will adopt a cautious and prudent approach on expansions and will continue to focus on strengthening its position in the after-market automotive services business and the short-term and long-term rental business in Singapore and increasing its market share in the sales of automobiles, parts and related products in the Mainland China market.

On 29 April 2021, Shenzhen Bainian Health Biotechnology Co. Ltd. 深圳百年健康生物科技有限公司 (the “**Purchaser**”), an indirect wholly-owned subsidiary of the Company entered into an agreement with Ms. Lin Aisheng, Ms. Wang Kaiqieng and Mr. Zhou Yian (the “**Vendors**”), pursuant to which, the Purchaser agreed to acquire and the Vendors agreed to sell an aggregate of 53% of the equity interest in Hunan Maliang Digital Technology Co., Ltd. 湖南馬良數碼科技股份有限公司 (the “**Target Company**”) at the total consideration of RMB5,077,840 (the “**Acquisition**”). Upon completion, the Target Company has become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company has been consolidated into the financial statements of the Group.

As disclosed in the annual report of the Company for the year ended 31 December 2020, the Group’s business has been affected by the outbreak of the COVID-19 since early 2020. To combat the negative impacts of the COVID-19 on the Group’s businesses, it is the Group’s intention to strengthen its existing businesses and explore opportunities to enhance the growth prospects of the Group and create value for its shareholders. The Group has also been actively seeking any feasible expansions which is suitable for the Group’s market diversifications into the PRC. In particular, to mitigate the substantial impacts of the COVID-19 on physical stores and to take advantage of the recent shift in demand from brick-and-mortar store to e-commerce, it is the Group’s intention to seek new business opportunity in the e-commerce platform.

The Target Company is principally engaged in education data collection and provision of management platform services focusing on the PRC’s kindergarten sector, under the background of vigorously promoting the training of youth physical quality in China, it cooperates with China Telecom and China Unicom to jointly create a series of value-added service projects such as a professional physical intelligence testing service platform. It collects education data from kindergartens through its mobile phone application called “馬良家園APP”, intelligence robots and physical training equipment as well as software platforms. The education data collected could (i) generate useful statistics for parents and teachers to have a better understanding of the learning situations of the children; (ii) enable teachers to create education programs which are more suitable for the children and to improve the learning process of the children; and (iii) improve the efficiency of managing kindergartens by the teachers as a whole. The Target Company is a growing service provider with business prospect demonstrated by (i) its inclusion in the third batch of intelligent manufacturing pilot demonstration enterprises in Changsha (長沙市第三批智能製造試點示範企業) in 2016; (ii) the granting of the status of High and New Technology Enterprise (高新技術企業) to the Target Company since 2017; and (iii) the increasing number of strategic cooperation agreements signed by the Target Company with kindergarten and other corporations. The Group believes that the Acquisition is strategically beneficial for the Group to (i) leverage on the Target Company to enter into the PRC market; (ii) diversify the Group’s business to cover education data collection and management platform services in the PRC; and (iii) broaden its source of income.

By 8 May 2021, the Group has paid RMB5,077,840 to the Vendors, being the consideration for the acquisition of the aggregate of 53% of the equity interest in the Target Company.

In 2021, the Singapore government announced the Singapore Green Plan 2030 where there are various initiatives related to the transportation and automotive industries. This includes the promotion of switching to cleaner-energy vehicles, especially Electric Vehicles (“EV”) as this is the most promising clean-energy vehicle technology up to date. To prepare the Group for the new market developments and challenges that come with the new breed of vehicles, the Group will continue to acquire new technology and equipment and upgrade the skills of our vehicle specialists.

FINANCIAL REVIEW

Revenue

Revenue for the Group was SGD57.1 million for FY2021, as compared to SGD22.3 million for FY2020, an increase of approximately SGD34.8 million. The increase was mainly attributable to:

- (i) Increase in sales of passenger car spare parts, accessories and automobiles of approximately SGD33.3 million during FY2021 as compared to FY2020. The increase is mainly due to Shenzhen Aodi Taoche Automobile Trading Co., Ltd. (深圳傲迪淘車汽車貿易有限公司) (“**Shenzhen Aodi Taoche**”), a wholly-owned subsidiary of the Company, and Hunan Optima Automobile Co., Ltd. (“**Hunan Optima**”), a wholly-owned subsidiary of the Company commencing its activity to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China in July 2020 and February 2021 respectively. Sales of Shenzhen Aodi Taoche for the six months ended 31 December 2020 amounted to approximately SGD8.8 million as compared to SGD14.6 million full year in FY2021. Sales for Hunan Optima for the 11 months in FY2021 amounted to approximately SGD27.5 million.
- (ii) Increase in after-market automotive services income of approximately SGD1.1 million in FY2021 as compared to FY2020 as the subsidiaries in Singapore could only provide limited essential services for 2 months in FY2020 as a result of COVID-19 control measures.
- (iii) Increase in car rental income of approximately SGD0.4 million in FY2021. The Group lost rental revenue in initial months from the termination of the car rental agreement with one of its major long-term car rental customers in the first quarter of FY2020. The Group has since started cooperating with other car-sharing and ride-hailing companies in Singapore in place of this customer.

Other income and gains

Other income and gains for the Group was SGD0.5 million for FY2021 as compared to SGD1.0 million for FY2020, a decrease of approximately SGD0.5 million. The decrease was mainly attributable to a decrease in government grants of approximately SGD0.4 million as compared to FY2020 due to lesser COVID-19 related government support grants received in FY2021.

Cost of materials used and change in trading inventories

In FY2021, the cost of materials used and change in trading inventories increased by approximately SGD33.7 million as compared to FY2020. This is due to:

- (i) the inclusion of the cost incurred by Hunan Optima Automobile Co., Ltd, a wholly-owned subsidiary of the Company and a full year operation of Shenzhen Aodi Taoche in its supply of automobiles to customers in Mainland China of approximately SGD32.8 million.
- (ii) increase in materials used in relation to after-market automotive service amounted to approximately SGD0.9 million which was brought about by the increase in related sales and the slight increase in average purchase prices from our vendors.

Employee benefits expenses

The employee benefit expenses increased by approximately SGD1.2 million from approximately SGD4.2 million in FY2020 to approximately SGD5.4 million in FY2021. This is due to a salary cut as part of the Group's cost control measures to mitigate the adverse impact from COVID-19 outbreak in FY2020. The salary cut was reverted in Q3 of FY2020. In addition, there was a bonus of approximately SGD0.3 million and an overall increase in staff headcount from the Singapore and PRC operations in FY2021.

Impairment of trade receivables

In FY2021, the impairment of trade receivables decreased by approximately SGD0.8 million as compared to FY2020. This is due to an impairment of trade receivables recorded in FY2020 of approximately SGD0.8 million on trade receivables from customers affected by the economic effects brought on by COVID-19 and a long-term car rental customer.

Impairment of right-of-use assets

In FY2020, the Group has recorded an impairment of right-of-use assets amounting to approximately SGD0.2 million as a result of the effects of COVID-19 on the Singapore economy. No additional impairment of right-of-use assets is recorded in FY2021 as the Group is confident that Singapore economy is on a recovery track.

Reversal of impairment of right-of-use assets and property, plant and equipment

In FY2021, the Group has recorded a reversal of impairment of right-of-use assets and property plant equipment amounting to approximately SGD0.4 million (FY2020: nil) and SGD8,000 (FY2020: nil) respectively as the Group recorded a recovery in the car rental services business segment.

Reversal of impairment of trade receivables

In FY2021, the group has recorded a reversal of impairment of trade receivables amounting to approximately SGD0.3 million (FY2020: SGD42,000) due to the recovery of amounts from previously impaired trade receivables.

Other expenses

The other expenses comprised mainly of the following:

- i) Cost of services comprising mainly towing fees, freight, travelling and transportation expenses, the cost of services remained relatively constant.
- ii) Maintenance costs were mainly incurred for our service centres, passenger cars, vehicle insurance and equipment such as hoists. In the third quarter of FY2020, the Group was able to source for a cheaper vehicle insurance provider, hence resulting in lower vehicle insurance expense for the FY2021 as compared to FY2020 where the impact was for part of a year.
- iii) Merchant fees were mainly related to payments for bank charges and merchant terminals such as credit cards machines. The slight increase is in line with the higher after-market automotive and car rental revenue.
- iv) Office-related expenses mainly included printing and stationery expenses, subscription expenses, office supplies, stamp duty and other insurance expenses (excluding motor vehicles insurance). The increase is mainly due to the inclusion of the expenses of the newly acquired PRC subsidiary.
- v) The increase in professional and legal fees comprising mainly included audit fees, legal fees, compliance advisor fees, corporate secretarial fees, tax agent fees etc. was mainly due to the increase in audit fees and the accounting fees.
- vi) Telecommunication expenses were mainly related to charges from telecommunications service providers.
- vii) Refreshments were mainly related to snacks and drinks for customers lounge.
- viii) Research expenses were mainly related to the manpower costs incurred for the research of new potential education platform related features.

Income tax expense

The Group provided for income tax expense of SGD0.2 million despite a loss before income tax expense due to non-tax deductible items. The income tax expense provided mainly arise from subsidiaries incorporated in Singapore and PRC that are subjected to a tax rate of 17% and 25% respectively on the profits arising.

Loss and total comprehensive income for the year

The Group recorded a loss and total comprehensive income for FY2021 of approximately SGD1.3 million and SGD1.4 million compared to a loss and total comprehensive income for FY2020 of approximately SGD0.8 million. The loss for FY2020 was attributable to the combined effects of the increase in impairment of trade receivables and expenses incurred in the new operations in China. The loss for FY2020 was partially offset by subsidies and waivers amounting to approximately SGD0.8 million received by the subsidiaries in Singapore under the Singapore government COVID-19 support measures. The loss for FY2021 is mainly due to the research expenses relating to the education business and the one-off impairment of investment in an associate amounting to approximately SGD0.6 million and SGD0.6 million respectively. The loss for FY2021 was partially offset by the reversal of impairment of right-of-use assets and reversal of impairment of trade receivables of approximately SGD0.4 million and SGD0.3 million respectively.

LIQUIDITY, FINANCIAL RESOURCES

As at 31 December 2021, the cash and cash equivalents were approximately SGD4.5 million (2020: SGD3.3 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately SGD1.2 million and SGD10.0 million, respectively.

As at 31 December 2021, the Group's bank borrowings with maturity within one year amounted to approximately SGD0.6 million (2020: SGD0.2 million). The shares of the Company ("Shares") were successfully listed on GEM of the Stock Exchange on 11 October 2019 (the "Listing Date"). There has been no change in the capital structure of the Group since then to the date of this announcement. The capital structure of the Group only comprises ordinary Shares.

The gearing ratio of the Group, which was defined as total debt divided by total equity, were 1.2 as at 31 December 2021 (2020: 0.7). Total debt includes all bank borrowings, short-term loan and lease liabilities. The net debt to equity of the Group, which was defined as total debt net of cash and cash equivalents divided by total equity, were 0.8 as at 31 December 2021 (2020: 0.4).

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout FY2021. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations are subject to certain risks and the major ones that may have a material and adverse effect on the Group's business, financial conditions and results of operations are as follows. In addition, the Group's activities are exposed to a variety of financial risks including, currency risk, credit risk, liquidity risk and interest rate risk.

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
<p>Transition risk due to Singapore Government's push to phase out Internal Combustion Engine (ICE) vehicles and have all vehicles run on cleaner energy by 2040</p>	<p>In light of the Singapore's government vision to phase out ICE vehicles and have all vehicles run on cleaner energy by 2040, there is a growing shift towards Electric Vehicles ("EVs") within the local automotive industry. As a result, the Group might face the following challenges if it does not adapt expeditiously:</p> <ol style="list-style-type: none"> 1) Decrease in workshop revenue due to reducing number of servicings and repairs, as EVs has lesser moving parts and may only require a servicing once every year or two; 2) Insufficient number of qualified mechanics to repair EVs; and 3) Difficulty in acquiring new EV technology for diagnostic. 	<p>The Group is looking to mitigate the foreseeable challenges through the following:</p> <ol style="list-style-type: none"> 1) Expanding other local revenue streams like car rental, while diversifying to other industries abroad; 2) Acquiring EVs, installation of EV Chargers and seeking for appointment as Tesla's approved Bodyshop to increase EV handling, training and exposure for staff; and 3) Sourcing for potential partnerships and business opportunities that may arise due to the impending EV revolution.

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
Impact on operation performance due to outbreak of infectious disease (i.e. COVID-19)	Given the unpredictability of COVID-19 and possibility of new variants (i.e. omicron), COVID-19 may continue to have lingering or even severe impact on operations performance of the Company. It is difficult to predict the evolution and duration of the pandemic, and the extent of its impact to the Group cannot be reliably quantified or estimated.	The Group is constantly staying abreast on the latest COVID-19 developments in Singapore and China. In addition, the Group has and will continue to establish necessary safety management measures as prescribed by the Singapore and China government to minimise potential COVID-19 disruption to our operations.
Concentrated senior management personnel	The Group heavily relies on the senior personnel in managing the operations, if one or more of the key management personnel is/are unable or unwilling to continue in their present positions, the Group may not be able to identify suitable replacements in a timely manner.	The Group ensures that key personnel are properly remunerated to ensure higher retention rate. Some key personnel are also bound by contact agreement for a minimum period of service. Lastly, the notice period of key personnel are usually at least 2 months or longer so that the Group may be able to find a suitable replacement in a timely manner.

EXPOSURE TO CURRENCY RISK

The Group's income and expenditure during the year ended 31 December 2021 were principally denominated in Singapore dollar and Chinese Yuan, and most of the assets and liabilities as at 31 December 2021 were denominated in Singapore dollar. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the year ended 31 December 2021.

EXPOSURE TO CREDIT RISK

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances.

The Group has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis. To minimise the credit risk, the Group has delegated teams responsible for determination of credit limits, credit approvals and monitoring procedures on credit quality of trade receivables and credit history of debtors. The Group may grant credit terms to its customers subject to detailed assessment of their background and payment history.

In addition, before accepting any customer requests for credit terms, our operation team will assess the potential customers' credit quality and define credit limits for them. Credit limits attributable to customers and credit terms granted to customers are reviewed regularly by our chief operating officer on an ongoing basis. Our operation team will evaluate customers' validity through ACRA Portal for customer's company details, including length of incorporation, activity status and bankruptcy record, paid-up share capital amount and annual filing records. The credit period granted to our customers was between 30 days to 90 days during the year ended 31 December 2021. We maintain strict control over our outstanding receivables to minimise credit risk. The Group typically does not require any collateral as security.

The Group applies the simplified approach to providing for expected credit losses ("ECLs") prescribed by HKFRS 9, which permits the use of lifetime expected credit losses provision for all trade receivables. To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics and the days past due. Expected loss rate of current trade receivables is assessed to be 0.2% (2020: 0.2%). The ECLs for trade receivables past due within 90 days is assessed to be 2% (2020: 2%) and within 180 days is assessed to be 3% (2020: 3%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 7% (2020: 7%) and over 365 days is assessed to be 10% (2020: 13%). The Directors assessed and measured ECLs based on reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions as at 31 December 2021 and 2020. The Directors assessed the risk or probability that a credit loss will occur by grouping different debtors of similar risk characteristics and taking into consideration the history of default that the amount of irrecoverable debts remained minimal and did not fluctuate significantly as at 31 December 2021 and 2020.

The movement of loss allowance for these balances as at 31 December 2021 and 2020 is set out in Note 14 to the unaudited consolidated financial statements.

EXPOSURE TO LIQUIDITY RISK

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from bank borrowings and lease liabilities. These deposits and the borrowing bear interests at variable rates varied with the then prevailing market condition. Except as stated above, the Group has no other interest bearing assets and liabilities as at 31 December 2021, its income and operating cash flows are substantially independent of changes in variable interest rates.

SHARE CAPITAL

As at 31 December 2021, the Company's issued share capital was HK\$8,500,000 and the number of its issued ordinary Shares was 850,000,000.

CAPITAL COMMITMENTS

As at 31 December 2021, the Group has capital commitments contracted but not provided for of approximately SGD0.4 million (2020: nil).

SEGMENT INFORMATION

An analysis of the Group's revenue from operations and by geographical locations of customers is set out in Note 6 of the unaudited consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in the Company's prospectus dated 27 September 2019 ("**Prospectus**"), the Group does not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 29 April 2021, the Group had entered into an agreement to acquire and Ms. Lin Aisheng, Ms. Wang Kaiqieng and Mr. Zhou Yian have agreed to sell an aggregate of 53% of the equity interest in Hunan Maliang Digital Technology Co., Ltd. 湖南馬良數碼科技股份有限公司 (the "**Target Company**") at the total consideration of RMB5,077,840 (equivalent to approximately SGD1,056,000) through Shenzhen Bainian Health Biotechnology Co. Ltd. 深圳百年健康生物科技有限公司 (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company. Pursuant to which the Purchaser has agreed upon completion, the Group has acquired the control over Target Company as the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect its variable returns. The acquisition was completed on 8 May 2021.

Save as disclosed above, during the year, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries, associates, joint ventures and affiliated companies.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties.

CHARGE ON GROUP'S ASSETS

As at 31 December 2021, the Group's bank borrowings were secured by a corporate guarantee from the Company; lease liabilities of motor vehicles were secured by a corporate guarantee from the Company, a corporate guarantee from an indirect wholly own subsidiary of the Company and the underlying assets.

HUMAN RESOURCES

As at 31 December 2021, the Group had 121 employees (2020: 96 employees) with total staff cost of approximately SGD5.4 million incurred for the year ended 31 December 2021 (2020: SGD4.2 million). As required by the applicable laws and regulations, the Group participates in the Central Provident Fund prescribed by the Central Provident Fund Act (Chapter 36 of the laws of Singapore) and have made the relevant contributions in accordance with the aforesaid laws and regulations. Save as the aforesaid, we have not participated in any other pension scheme(s). The Group's remuneration policy rewards employees and Directors based on individual performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external training. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group's performance. We did not experience any material labour disputes during the year ended 31 December 2021.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

USE OF PROCEEDS

The Shares were listed on GEM of the Stock Exchange on 11 October 2019 by way of Share Offer. The actual net proceeds from the Share Offer, after deduction of the professional fees, underwriting commissions and other fees payable by the Company in connection with the listing, were approximately HK\$13.2 million (the “**Net Proceeds**”). As disclosed in the announcement of the Company dated 4 May 2020, the Board has been monitoring the development of the COVID-19 outbreak from time to time to determine the most effective and efficient use of the Net Proceeds and resolved to change the use of Net Proceeds from the Share Offer. For details, please refer to the announcement issued by the Company dated 4 May 2020.

As at 31 December 2021, all Net Proceeds has been utilised. Details of the use of the Net Proceeds are as follows:

Use of the Net Proceeds	Original	Revised	Unutilised Net	Utilised Net	Unutilised Net
	allocation	allocation of	Proceeds up to	Proceeds	Proceeds up to
	(HK\$ million)	as at 4 May 2020	31 December 2020	during FY2021	31 December 2021
		(HK\$ million)	(HK\$ million)	(HK\$ million)	(HK\$ million)
Expanding servicing capacity	5.5	–	–	–	–
Grow rental fleet	3.9	1.8	–	–	–
Strengthen service capabilities and operating efficiencies	2.3	2.3	0.9	0.9	–
Brand building	0.2	0.2	0.2	0.2	–
General working capital	1.3	8.9	–	–	–
	<u>13.2</u>	<u>13.2</u>	<u>1.1</u>	<u>1.1</u>	<u>–</u>

OTHER INFORMATION

COMPETING INTERESTS

During the year ended 31 December 2021, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) was interested in any business which competes or may compete, either directly or indirectly, with the Group’s business nor did they have any other conflicts of interest with the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the year ended 31 December 2021 and up to the date of this announcement.

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, all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings during the year ended 31 December 2021 up to the date of this announcement.

CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company’s corporate governance practices are based on code provisions as set out in the Corporate Governance Code as contained in Appendix 15 of the GEM Listing Rules (“**CG Code**”). As the Shares were listed on the GEM of the Stock Exchange on 11 October 2019, other than the deviation from code provision A.2.1 and C.2.5 (now known as C.2.1 and D.2.5 of the CG Code taking effect from 1 January 2022 onwards), the Company has since then adopted and complied with, where applicable, the CG Code to ensure that the Group’s business activities and decision-making processes are regulated in a proper and prudent manner.

Pursuant to code provision A.2.1 of the CG Code (now known as code provision C.2.1 of the CG Code taking effect from 1 January 2022 onwards), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we did not have a separate chairman and chief executive officer as Mr. Ang Lay Keong (Hong Liqiang) (“**Mr. Ang**”) performed these two roles up to 15 August 2021. 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 such arrangement was not impaired and this structure would enable the Company to make and implement decisions promptly and effectively.

With effect from 15 August 2021, Mr. Ang has resigned as the chairman of the Board and continues to be an executive Director and chief executive officer. Mr. Hu Wu’an, an executive Director, was selected by the Board to succeed Mr. Ang as the chairman with effect from 15 August 2021.

Under code provision C.2.5 of the CG Code (now known as code provision D.2.5 of the CG Code taking effect from 1 January 2022 onwards), the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group’s simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the members of the audit committee of the Company (“**Audit Committee**”). The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board is of the view that appropriate measures have been put in place to manage the risks and no major issue was raised for improvement during the review.

Save as disclosed above, the Directors consider that during the year ended 31 December 2021 to the date of this announcement, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 and 6A.27 of the GEM Listing Rules, the Company has appointed Luk Fook Capital (HK) Limited (“**Luk Fook Capital**”) as our compliance adviser with effect from 15 August 2021. Save for the compliance adviser service agreement entered into between the Company and Luk Fook Capital dated 15 August 2021, none of Luk Fook Capital or its directors, employees or close associates (as defined in the GEM Listing Rules) had any interest in the Group, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 18 September 2019 (the “**Share Option Scheme**”). The principal terms of the Share Option Scheme were summarised in the paragraph headed “Statutory and General Information – 4. Share Option Scheme” in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

No share option has been granted since the adoption of the Share Option Scheme and there is no share option outstanding as at 31 December 2021.

CHANGE OF DIRECTORS

Appointment and Resignation of Directors

Mr. Hu Wu’an has been appointed as an executive Director with effect from 6 January 2021.

Mr. Ong Kar Loon (Wang Jialun) has been appointed as an independent non-executive Director with effect from 18 May 2020 and resigned with effect from 25 February 2021.

Mr. Chang Li-Chung has been appointed as an independent non-executive Director with effect from 25 February 2021.

EVENT AFTER REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2021 and up to the date of this announcement.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code.

The primary duties of the Audit Committee are to review the Company's financial information and oversee the Company's financial reporting system, risk management and internal control procedures. The full terms of reference setting out details of duties of the Audit Committee are in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company.

The Audit Committee currently comprises of three independent non-executive Directors, namely Mr. Chu Kin Ming, Ms. Tan Meng Choon and Mr. Chang Li-Chung. The chairman is Mr. Chu Kin Ming, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

REVIEW OF UNAUDITED ANNUAL RESULTS

The auditing process for the annual results for the FY2021 has not been completed due to the recent development of COVID-19 pandemic in Mainland China, Singapore and Hong Kong. The Company's auditor ("**Auditor**") needs additional time to complete audit procedures (the "**Audit Procedures**") for the annual results of the Group for the year ended 31 December 2021 (the "**Annual Results**"), including but not limited to certain impairment assessment of non-financial assets, assessment of the fair value of net identifiable assets of the newly acquired PRC subsidiary and the receipt of confirmations related to audit procedures.

The unaudited annual results contained herein have not been agreed with the Auditor as required under Rule 18.49 of the GEM Listing Rules. An announcement relating to the audited results will be made when the auditing process has been completed in accordance with Hong Kong Standards on Auditing issued by Hong Kong Institute of Certified Public Accountants.

As the Group has significant operations in Singapore and Mainland China, travel restrictions and other precautionary measures against COVID-19 pandemic have led to the delay in the publication of the Company's annual results announcement as agreed with the Auditor and annual report for FY2021. In particular, the Company needs additional time to gather necessary information from its overseas subsidiaries in Singapore and Mainland China to complete the consolidated financial statements and provide all the necessary documents and information to the Auditor. Based on the recent discussion with the Auditor, the Company expects the Audit Procedures will be completed within two weeks, and expects further one to two weeks is required to finalise and despatch its annual report for the year ended 31 December 2021 (the "**Annual Report**"). Barring any unforeseen circumstances, the Company expects the Audit Procedures will be completed and to despatch its Annual Report no later than end of April 2022.

The unaudited annual results for the FY2021 contained herein have been reviewed by and agreed with the Audit Committee.

FURTHER ANNOUNCEMENT(S) AND DELAY IN DESPATCH OF THE ANNUAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The figures in this announcement are subject to changes resulting from completing the Audit Procedures for the Annual Results.

Following the completion of the auditing process, the Company will issue further announcement(s) in relation to (i) the audited annual results for the FY2021 as agreed by the Auditor together with the material differences (if any) as compared with the unaudited annual results contained herein; (ii) the proposed date on which the forthcoming annual general meeting of the Company (the “AGM”) will be held; and (iii) the period during which the register of members of the Company will be closed in order to ascertain shareholders’ eligibility to attend and vote at the AGM. In addition, the Company will despatch the Annual Report according to the GEM Listing Rules and, in any event, not later than end of April 2022.

Further announcement(s) will be published in relation to the update on the timetable of the announcement for the Annual Results and the Annual Report as soon as practicable to keep the shareholder and potential investors of the Company informed.

The financial information contained herein in respect of the annual results of the Group have not been audited and have not been agreed with the Auditor. Shareholders and potential investors of the Company are advised to exercise caution when dealing in the securities of the Company.

By Order of the Board
Optima Automobile Group Holdings Limited
Hu Wu’an
Chairman and Executive Director

Hong Kong, 28 March 2022

As at the date of this announcement, the executive Directors are Mr. Ang Lay Keong (Hong Liqiang), Ms. Lim Li Ling (Lin Liling), Mr. Goh Duo Tzer (Wu Duoze), Ms. Nie Li, Ms. Lin Xiaojuan and Mr. Hu Wu’an; the independent non-executive Directors are Mr. Chu Kin Ming, Ms. Tan Meng Choon and Mr. Chang Li-Chung.

This announcement will remain on the “Latest Listed Company Information” page of the GEM website at www.hkgem.com for at least 7 days from the date of its posting. This announcement will also be published on the Company’s website at www.ow.sg.