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)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2022

The board (the "**Board**") of directors (the "**Directors**") of Optima Automobile Group Holdings Limited (the "**Company**") is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022. This announcement, containing the full text of the 2022 annual report of the Company (the "**Annual Report 2022**"), complies with the relevant requirements of the Rules Governing the Listing of Securities ("**GEM Listing Rules**") on the GEM of The Stock Exchange of Hong Kong Limited (the "**GEM**") in relation to information to accompany preliminary announcement of the annual results. The printed version of the Annual Report 2022 will be despatched to the shareholders of the Company and available for viewing on the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk and of the Company at www.ow.sg in due course in the manner as required by the GEM Listing Rules.

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

Hong Kong, 27 March 2023

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; and the independent non-executive Directors are Mr. Chu Kin Ming, Mr. Chang Li-Chung and Ms. Yi Jing.

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.

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

*This report, for which the directors (the "**Directors**") of 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 report is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this report misleading.*

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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Wu'an (Chairman)
Mr. Ang Lay Keong (Hong Liqiang)
(Chief Executive Officer)
Ms. Lim Li Ling (Lin Liling)
Mr. Goh Duo Tzer (Wu Duoze)
Ms. Nie Li
Ms. Lin Xiaojuan

Independent Non-Executive Directors

Mr. Chu Kin Ming
Mr. Chang Li-Chung
Ms. Tan Meng Choon (resigned on 30 June 2022)
Ms. Yi Jing (appointed on 30 June 2022)

AUDIT COMMITTEE

Mr. Chu Kin Ming (Chairman)
Mr. Chang Li-Chung
Ms. Tan Meng Choon (resigned on 30 June 2022)
Ms. Yi Jing (appointed on 30 June 2022)

REMUNERATION COMMITTEE

Ms. Tan Meng Choon (Chairlady)
(resigned on 30 June 2022)
Ms. Yi Jing (Chairlady) (appointed on 30 June 2022)
Mr. Chu Kin Ming
Mr. Chang Li-Chung

NOMINATION COMMITTEE

Mr. Chang Li-Chung (Chairman)
Mr. Ang Lay Keong (Hong Liqiang)
Ms. Tan Meng Choon (resigned on 30 June 2022)
Ms. Yi Jing (appointed on 30 June 2022)

COMPLIANCE OFFICER

Mr. Goh Duo Tzer (Wu Duoze)

COMPANY SECRETARY

Ms. Xu Jiayuan, CPA

AUTHORISED REPRESENTATIVES

Mr. Goh Duo Tzer (Wu Duoze)
Ms. Xu Jiayuan, CPA

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
(Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance)
31/F, Gloucester Tower, The Landmark,
11 Pedder Street, Central,
Hong Kong

Corporate Information

PRINCIPAL BANKS

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

United Overseas Bank Limited
80 Raffles Place
UOB Plaza 1, #07-01
Singapore 048624

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

6 Kung Chong Road
Alexandra Industrial Estate
Singapore 159143

REGISTERED OFFICE IN THE CAYMAN ISLANDS

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

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Ovest,
77 Wing Lok Street
Sheung Wan, Hong Kong

STOCK CODE

8418

COMPANY'S WEBSITE ADDRESS

www.ow.sg

Chairman's Statement

Dear Shareholders,

On behalf of the board of directors (the "**Board**") of the Company, I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2022.

The shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 October 2019 by way of public offer and placing (collectively, the "**Share Offer**"). The Group is principally engaged in (i) the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services; (ii) offering short-term and long-term car rental services; (iii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in China; and (iv) sale of hardware and equipment, data collection and provision of management platform service relating to education business.

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 the shareholders of the Company (the "**Shareholders**"). The Group has also been actively seeking any feasible business segment expansions, such as biological health, new retail, e-commerce, Franchise management, etc. 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.

In 2021, the Group established a wholly-owned subsidiary Hunan Optima Automobile Co., Ltd. in Changsha, Hunan, the PRC to broaden the trading of the Group's parallel imported vehicles and related businesses in Mainland China. The subsidiary is mainly responsible for the business in central and southern China and it mainly builds a supply chain focusing on imported vehicles, domestic new energy 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. The subsidiary will continue to seek opportunities to expand its business to other parts of China and to oversea. The Group has also acquired 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) ("**Hunan Maliang**") in the same year. Hunan Maliang, an indirect non-wholly owned subsidiary of the 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, Hunan Maliang cooperates with China Telecom Corporation Limited ("**China Telecom**") and China United Network Communications Group Co., Ltd. ("**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. It 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 Hunan Maliang since 2017; and (iii) the increasing number of strategic cooperation agreements signed by Hunan Maliang with kindergarten and other corporations. The Group believes that the acquisition is strategically beneficial for the Group to (i) leverage on Hunan Maliang 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.

Chairman's Statement

Revenue for the Group was SGD81.6 million for the financial year ended 31 December 2022 ("**FY2022**"), as compared to SGD57.1 million for the financial year ended 31 December 2021 ("**FY2021**"), an increase of approximately SGD24.5 million. The increase was mainly attributable to the increase in revenue contributed by the automobile trading operations in China of approximately SGD21.7 million and an increase in revenue for the subsidiaries in Singapore of approximately SGD2.5 million.

On behalf of the Board, I would like to extend our sincere appreciation to the support and trust of our shareholders, business partners and customers. I would also extend my gratitude and appreciation to all the Directors, management and staff for their hard work and dedication throughout the year. I believe all members of the Group will dedicate their best efforts to drive business growth and to deliver enhanced returns to Shareholders.

Hu Wu'an
Chairman

Hong Kong, 27 March 2023

* For identification purpose only

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 (i) the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services; (ii) offering short-term and long-term car rental services; (iii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in China; and (iv) sale of hardware and equipment, data collection and provision of management platform service relating to education business. 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.*（湖南傲迪瑪汽車有限公司）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

In 2021, 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. To ensure the safety of all staff, they were advised to work from home until the situation improves. As at the date of this annual report, OWMS has resumed business and the staff has returned to work at the workshop.

The Group's automotive supply income increased by approximately SGD22.3 million for the financial year ended 31 December 2022 ("**FY2022**") to approximately SGD64.7 million as compared to approximately SGD42.4 million for the financial year ended 31 December 2021 ("**FY2021**"). The increase is mainly due to the increase in sales to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China for FY2022 as compared to FY2021. The Group's after-market automotive services revenue increased by approximately SGD0.9 million due to the gradual recovery of the Singapore market in general and the car rental business revenue has increased by approximately SGD1.0 million as compared to FY2021. In addition, with the inclusion of a new education business in FY2021, the education business generated revenue of approximately SGD0.3 million in FY2022.

OUTLOOK

The Group remains cautious of the protracted COVID-19 pandemic, changing market conditions and unstable economic environment and is aware of the challenges that lie ahead in 2023. 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 and seek any feasible business segment expansions, such as biological health, new retail, e-commerce, franchise management etc. which is suitable for the Group's market diversifications into the PRC.

Management Discussion and Analysis

In FY2021, Shenzhen Bainian Health Biotechnology Co., Ltd.*（深圳百年健康生物科技有限公司）(“**Shenzhen Bainian**”), an indirect wholly-owned subsidiary of the Company, acquired 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）(“**Hunan Maliang**”). Hunan Maliang became an indirect non wholly-owned subsidiary of the Company and the financial results of Hunan Maliang has been consolidated into the financial statements of the Group.

The Group’s business has been affected by the outbreak of the COVID-19 since early 2020. Hence, 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. Hunan Maliang 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. Hunan Maliang 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 Hunan Maliang since 2017; and (iii) the increasing number of strategic cooperation agreements signed by Hunan Maliang with kindergarten and other corporations. The Group believes that the Acquisition is strategically beneficial for the Group to (i) leverage on Hunan Maliang 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.

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. With the increasing focus on sustainability and environmental responsibility and 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.

Management Discussion and Analysis

FINANCIAL REVIEW

Revenue

Revenue for the Group was SGD81.6 million for FY2022, as compared to SGD57.1 million for FY2021, an increase of approximately SGD24.5 million. The increase was mainly attributable to:

(i) Increase in sales of passenger car spare parts, accessories and automobiles of approximately SGD22.3 million during FY2022 as compared to FY2021. The increase is mainly due to Hunan Optima Automobile Co., Ltd. ("**Hunan Optima**"), a wholly-owned subsidiary of the Company contributing to a full year of sales as compared to FY2021 where the company commencing its activity in February 2021. There is also an increase in sales due to efficiencies achieved from the consolidation of Shenzhen Aodi Taoche Automobile Trading Co., Ltd.*（深圳傲迪淘車汽車貿易有限公司）("**Shenzhen Aodi Taoche**") and Hunan Optima.

(ii) Increase in after-market automotive services income of approximately SGD0.9 million in FY2022 as compared to FY2021 due the gradual recovery of the Singapore market in general.

(iii) Increase in car rental income of approximately SGD1.0 million in FY2022. This was mainly due to the increase in the Group's rental fleet and the gradual recovery of the Singapore market in general.

(iv) Increase in sale of hardware and equipment income of approximately SGD0.3 million mainly due to Hunan Maliang Digital Technology Co., Ltd.*（湖南馬良數碼科技股份有限公司）("**Hunan Maliang**") an indirect wholly-owned subsidiary of the company contributing a full year of revenue as compared to FY2021 which the company was acquired in May 2021.

Other income and gains

Other income and gains for the Group was SGD0.7 million for FY2022 as compared to SGD0.4 million for FY2021, an increase of approximately SGD0.3 million. The increase is mainly attributable an one off sponsorship of SGD0.2 million received by an indirect wholly-owned subsidiary's of the anniversary celebration.

Cost of materials used and change in trading inventories

In FY2022, the cost of materials used and change in trading inventories increased by approximately SGD23.2 million as compared to FY2021. This is due to:

(i) The increase in related sales of passenger car spare parts, accessories and automobiles which amounted to approximately SGD22.2 million.

(ii) increase in materials used in relation to after-market automotive service amounted to approximately SGD1.0 million which was brought about by the increase in related sales and the increase in average purchase prices from our vendors.

Management Discussion and Analysis

Employee benefits expenses

The employee benefit expenses increased by approximately SGD0.9 million from approximately SGD5.4 million in FY2021 to approximately SGD6.3 million in FY2022. This was mainly due to (i) the inclusion of the full year staff related costs of the subsidiary related to the education business acquired in May 2021, compared to 7 months amounting to approximately SGD106,000 in FY2021; and (ii) overall increase in staff headcount from Singapore and PRC operations.

Depreciation of property, plant and equipment

The increase in the depreciation of property, plant and equipment by approximately SGD0.7 million is mainly due to motor vehicles that are transferred from right of use assets to property, plant and equipment upon the full payment of the related lease liabilities and depreciation of new motor vehicles purchased for the Group's rental fleet.

Impairment of interest in an associate

In FY2021, the Group has recorded an impairment of interest in an associate amounting to approximately SGD90,000 as management has identified impairment indicator on interest in an associate due to unfavourable market conditions in automotive business in Myanmar. No further impairment or reversal of impairment is recorded in FY2022.

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 and equipment amounting to approximately SGD0.4 million and SGD8,000 respectively as the Group recorded a recovery in the car rental services business segment. No further impairment or reversal of impairment is recorded in FY2022.

Other expenses

The increase in other expenses of approximately SGD0.8 million from approximately SGD2.6 million in FY2021 to approximately SGD3.4 million in FY2022 was mainly due to the following:

(i) the increase in vehicle insurance and road tax and related maintenance cost of approximately SGD0.4 million in FY2022 which was due to higher insurance premium charged by the Group's rental fleet insurance provider coupled with the increase in rental vehicle fleet.

(ii) the increase in research expenses arising from the research manpower costs incurred by subsidiary Hunan Maliang of approximately SGD0.2 million in FY2022 was due to a full year expense as compared FY2021 where it was included into the Group in May 2021.

(iii) the increase in overall cost of service of approximately SGD0.1 million due to the general increase in purchase prices from supplies and the increase in related sales.

Income tax expense

The Group provided for income tax expense of SGD0.1 million despite a loss before income tax expense due to non-tax-deductible items. The provision was offsetted with the reversal of prior year over provision resulting in a net tax credit for FY2022. 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 FY2022 of approximately SGD1.8 million and SGD2.3 million compared to a loss and total comprehensive income for FY2021 of approximately SGD0.7 million and SGD1.2 million. 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 SGD0.2 million and SGD90,000 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. The loss for FY2022 is mainly due to the combined effects of the increase in staff cost brought about by the increase in overall headcount, the increase in research expenses and impairment of other receivables amounting to approximately SGD0.9 million, SGD0.2 million and SGD0.5 million respectively.

LIQUIDITY, FINANCIAL RESOURCES

As at 31 December 2022, the cash and cash equivalents were approximately SGD4.8 million (2021: SGD4.5 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately SGD1.1 million and SGD8.4 million, respectively.

As at 31 December 2022, the Group's bank borrowings with maturity within one year amounted to approximately SGD1.5 million (2021: SGD0.6 million).

The gearing ratio of the Group, which was defined as total debt divided by total equity, was 1.5 as at 31 December 2022 (2021: 1.2). 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 1.0 as at 31 December 2022 (2021: 0.7).

Details of the Group's level of borrowings as at 31 December 2022 is set out in Note 15(b), Note 22(b) and Note 23 to the consolidated financial statements.

CAPITAL STRUCTURE

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 annual report. The capital structure of the Group only comprises ordinary Shares.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout the year ended 31 December 2022. 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.

Management Discussion and Analysis

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
1	Transition risk due to Singapore Government's push to phase out Internal Combustion Engine ("**ICE**") vehicles by 2030 and have all vehicles powered by cleaner energy by 2040.	In light of the Singapore's government vision to phase out ICE vehicles and have all vehicles powered by 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: 1) Decrease in workshop revenue due to reducing number of servicing and repairs, as EVs have lesser moving parts and may only require a servicing once every year or two; 2) The insufficient number of qualified mechanics to repair EVs; and 3) Difficulty in acquiring new EV technology for diagnostic.	The Group is looking to mitigate the foreseeable challenges through the following: 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
2	The Group's revenue and profits are mainly derived from Singapore and China, and the Group's sales performance is susceptible to changes in both country's policies, and its financial, social and economic environment.	The Group's sales performance is susceptible to any changes or developments in the economic, financial, or social conditions of both Singapore and China that are outside the Group's control, which includes but are not limited to: (1) Singapore government regulation to limit and tighten the Certificate of Entitlement ("**COE**") quota by only replacing the number of de-registered vehicles on the road at most. Hence, with a reduced number of vehicles on the road, the demand for the Group's after-market automotive services may be materially and adversely affected; and (2) supply of experienced and skilled staff, such as service advisors and technicians, mainly of which are not Singapore citizens. Hence, if there are any unfavourable changes towards Singapore's manpower policies, the supply or labour cost of such foreign workers may be affected, thus affecting the Group's business operations and profitability.	The Group will stay abreast of latest country news and policy changes to respond quickly while diversifying and strengthening our various revenue streams. For example: 1) Sending our technicians for upskilling EV courses to ensure that we can stay ahead of the competition to be able to repair and service EVs. 2) Due to the limitation of COEs, and with rising car prices, consumers are looking to rent vehicles instead. Thus, the Group has increased its rental fleet as a result. 3) Diversifying revenue across geography and industry.

Management Discussion and Analysis

	Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
3	High gearing ratio as of 31 December 2022.	Due to the recent purchase of vehicles that were bought with new hire purchase loans, coupled with existing loans, the Group's net debt to equity ratio is approximately 1.0 as of 31 December 2022. This may bring about the question whether the Group can manage its debt well and fulfill its debt repayment obligations.	The Management will constantly monitor the cash flow and ratios of the Group to ensure that it can sufficiently repay its debt obligations. In addition, the hire purchase loans incurred to purchase vehicles allow the group to expand its car rental fleet, thereby increasing the Group's revenue while diversifying the Group's business further. Similarly, the management will constantly monitor the fleet's utilisation to ensure that bulk of vehicles are utilised and not idle.
4	The properties of the Group are rented and not owned by the Group.	All the properties occupied for the Group's operations in China and Singapore are rental properties. As such, the Group is subject to rental rates fluctuation from time to time. If there is any significant increase in rental and utility expenses for the Group's rental properties, or are forced to vacate upon the expiry of an existing tenancy, it will increase our operating expenses and may materially and adversely affect the Group's business operations, financial position and/or prospects.	To minimise unforeseen fluctuations in rental expenses, the Group has entered into long-term contracts with the landlords to fix rental rates for a foreseeable period. The Group also sources for other affordable rental places from time to time and may relocate if substantial rental cost savings can be achieved without much disruption to the Group's business.

EXPOSURE TO CURRENCY RISK

The Group's income and expenditure during the year ended 31 December 2022 were principally denominated in Singapore dollar and Chinese Yuan, and most of the assets and liabilities as at 31 December 2022 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 2022.

EXPOSURE TO CREDIT RISK

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances as set out in Note 20 and Note 21 respectively to the consolidated financial statements.

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 assessment of their background and payment history.

In addition, before accepting any customer requests for credit terms, the Group's 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 the Group's chief operating officer on an ongoing basis. The Group's 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 the Group's customers was between 30 days to 90 days during the year ended 31 December 2022. The Group maintains 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% (2021: 0.2%). The ECLs for trade receivables past due within 90 days is assessed to be 2% (2021: 2%) and within 180 days is assessed to be 3% (2021: 3%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 7% (2021: 7%) and over 365 days is assessed to be 10% (2021: 10%). 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 2022 and 2021. 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 2022 and 2021.

The Group applies the general approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the 12 months ECL for the other receivables. As the end of the reporting period, the internal credit rating of other receivables amount approximately SGD1,033,000 (2021: SGD1,346,000) were performing. The Group considered that certain other receivables amounted approximately SGD504,000 (equivalent to RMB2,537,000) (2021: Nil) has been a significant increase in credit risk in default occurring since initial recognition. Lifetime ECL was used to assess the allowances of such other receivables. To measure the expected credit losses, these other receivables have been based on individual risk assessment.

Management Discussion and Analysis

The movement of loss allowance for these balances as at 31 December 2022 and 2021 is set out in Note 20.

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.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is set out in Note 35 to the consolidated financial statements.

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from bank borrowings, lease liabilities and amounts due to related companies. These deposits and the borrowings 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 2022, its income and operating cash flows are substantially independent of changes in variable interest rates.

SHARE CAPITAL

As at 31 December 2022, 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 2022, the Group has capital commitments contracted but not provided for of approximately SGD0.5 million (2021: SGD0.4 million).

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 consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

Save as disclosed in section headed "Outlook" above, the Group does not have other plans for material investments and capital assets.

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the year, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries, associates, joint ventures and affiliated companies.

Management Discussion and Analysis

CONTINGENT LIABILITIES

As at 31 December 2022, 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 2022, the Group's bank borrowings and lease liabilities of motor vehicles were secured by a corporate guarantee from the Company, or a corporate guarantee from an indirect wholly own subsidiary of the company and the underlying assets.

HUMAN RESOURCES

As at 31 December 2022, the Group had 132 employees (2021: 121 employees) with total staff cost of approximately SGD6.3 million incurred for the year ended 31 December 2022 (2021: SGD5.4 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 2022.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022 (2021: nil).

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Hu Wu'an ("Mr. Hu"), aged 49, was appointed as an executive Director on 6 January 2021 and was appointed as the chairman of the Board on 15 August 2021. Mr. Hu is currently an executive director and the general manager of Hunan Shangui Fuyuan Modern Agriculture Development Co., Ltd.*（湖南杉桂福苑現代農業發展有限公司）since September 2017, a limited liability company established in China and an executive director and the general manager of Hunan Optima Automobile Co., Ltd*（湖南傲迪瑪汽車有限公司）since February 2021, a limited liability company established in China.

Mr. Ang Lay Keong (Hong Liqiang) ("Mr. Ang"), aged 51, was appointed as the chairman and an executive Director and chief executive officer on 14 March 2018. 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. He is primarily responsible for the overall business development and strategic planning of our Group and overseeing the performance and management of our Group. Mr. Ang is also one of our controlling shareholders and a member of the nomination committee of the Company (the "**Nomination Committee**"). He has about 28 years of experience in the automobile industry. Mr. Ang worked in Lim Tan Motor Pte. Ltd., a company whose principal business was automotive workshop, from July 1994 to June 2012 with the last position as a director and was responsible for managing the day-to-day operation of the car repair business. Mr. Ang founded Optima Werkz Pte. Ltd. ("**Optima Werkz**") in May 2012 and has been a director and the chief executive officer of Optima Werkz since 18 May 2012 and 21 June 2012 respectively. Mr. Ang has also been appointed as a director of Optima De Auto Pte. Ltd. ("**Optima De Auto**") and Optima Carz Pte. Ltd. ("**Optima Carz**") since 22 August 2013 and 24 October 2014 respectively. Mr. Ang was a director of Optima Werkz Myanmar Holdings Pte. Ltd. from July 2017 to December 2017.

Mr. Ang completed a one year full-time pre-vocational training course in the Vocational and Industrial Training Board in Singapore and was awarded a certificate in November 1986. He obtained a national trade certificate grade three in maintenance fitting (practical and theory parts) from the Vocational and Industrial Training Board in Singapore in March 1989.

Mr. Ang is the spouse of Ms. Lim Li Ling (Lin Liling), an executive Director.

Ms. Lim Li Ling (Lin Liling) ("Ms. LL Lim"), aged 49, was appointed as an executive Director on 27 June 2018. She joined our Group in June 2012. She is primarily responsible for human resources and administrative management of our Group. Before joining our Group, Ms. LL Lim served as the director of Lim Tan Motor Pte Ltd from January 1991 to May 2012 and was responsible for administrative duties. She has been working in Optima Werkz as the administrative director since June 2012 and has been responsible for overseeing administrative matters. Ms. LL Lim has also been appointed as the director of Optima Werkz International Pte. Ltd. since 23 September 2015. Ms. LL Lim obtained Singapore-Cambridge General Certificate of Education Normal (Academic) Level Examination in 1990 and Singapore-Cambridge General Certificate of Education (Ordinary Level) Examination in 1991.

Ms. Lim is the spouse of Mr. Ang.

Biographical Details of Directors and Senior Management

Mr. Goh Duo Tzer (Wu Duoze) ("Mr. Goh"), aged 50, was appointed as an executive Director on 28 February 2020. He is the chief operating officer of our Group. He is primarily responsible for the day-to-day management of the affairs and activities of our Group. He has about 20 years of experience in the automobile industry.

From September 2002 to March 2004, Mr. Goh worked as a service advisor in Lim Tan Motor Pte. Ltd. and as an account manager in the sales division in family car rental and had been responsible for individual and corporate rental sales of passenger and commercial vehicles for short and long-term rental. Mr. Goh worked as a business manager in the corporate rental sales division and as a workshop manager in the fleet maintenance division in C & P Rent-a-car Pte. Ltd. and C & P Automotive (Pte) Ltd. respectively from April 2004 to March 2006. Mr. Goh joined Royal Limousine Pte. Ltd. as a consultant from June 2006 to December 2007. Mr. Goh served as a consultant in Beemer Limousine from January 2008 to December 2010. Mr. Goh has been working in Optima Werkz as a senior manager since September 2016 and has been responsible for the day-to-day management of its affairs and activities.

Ms. Nie Li ("Ms. Nie"), aged 38, was appointed as an executive Director on 18 May 2020. Ms. Nie is the executive director of Hu Mao Sheng Tang Holdings Limited, a company incorporated in Hong Kong with limited liability, since March 2017. Ms. Nie graduated from Hunan Vocational College of Engineering*（湖南工程職業技術學院）in June 2005 majoring in tourism and hotel management, she has 17 years of experience in business management.

Ms. Lin Xiaojuan ("Ms. Lin"), aged 57, was appointed as an executive Director on 24 August 2020. Ms. Lin has served as a director of the board of directors, a member of the audit committee, and the chairperson of the compensation committee and the nominating and corporate governance committee of Senmiao Technology Limited (stock code: AIHS), a company listed on The NASDAQ Capital Market, since March 2018 till present. Since March 2011 till present, Ms. Lin has acted as the general manager and legal representative of Hunan Dingchentai Investment Co., Ltd.*（湖南鼎晨泰投資有限公司）. From April 2004 to February 2011, she served as the deputy general manager and chief financial officer of Hunan Xinhongxin Industrial Co., Ltd.*（湖南新泓信實業有限公司）, and the accounting officer and cost officer of Hunan Employment Training Service Co., Ltd.*（湖南就業培訓服務有限公司）from November 1986 to July 2000.

Ms. Lin graduated from the Department of Statistics of Hunan Finance and Economics Institute*（湖南財經學院）in October 1990, and completed the Chief Financial Officer Training Course of the School of Continuing Education of Peking University in October 2015. She obtained the qualification of gold trader issued by the Shanghai Gold Exchange in December 2008, the qualification of China Certified Tax Planner in November 2011, and subsequently the qualification of International Certified Senior Public Accountant issued by the Headquarters (China) American Certification Institute in January 2012.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Ming ("Mr. Chu"), aged 42, was appointed as an independent non-executive Director on 18 September 2019. He is the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**").

Mr. Chu has more than 18 years working experience in the accounting and company secretarial field. Mr. Chu served as a chief financial officer and company secretary of companies listed on the Stock Exchange. Mr. Chu is currently an independent non-executive director in SK Target Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8427) since June 2017, an independent non-executive director in Kelfred Holdings Limited, a company listed on the Stock Exchange (stock code: 1134) since June 2019, an independent non-executive director in Century Energy International Holdings Limited (formerly known as China Oil Gangran Energy Group Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8132) since February 2020 and an independent non-executive director in Milestone Builder Holdings Limited, a company listed on the Stock Exchange (stock code: 1667) since December 2020. Currently, Mr. Chu is the company secretary of Sino-Life Group Limited, a company listed on GEM of the Stock Exchange (stock code: 8296) since June 2019 and the company secretary of OCI International Holdings Limited (stock code: 329) since May 2021.

Mr. Chu was admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2008. He was admitted to graduateship of The Hong Kong Chartered Governance Institute (formerly known as The Hong Kong Institute of Chartered Secretaries) and the Chartered Governance Institute (previously known as the Institute of Chartered Secretaries and Administrators) in April 2009. He became a fellow member of The Association of Chartered Certified Accountants in December 2012. He is also a member of the Chartered Institute of Management Accountants.

Mr. Chu hold a master degree in Executive Master of Business Administration in the Chinese University of Hong Kong and a bachelor's degree in accountancy from the Hong Kong Polytechnic University.

Ms. Yi Jing ("Ms. Yi"), aged 35, was appointed as an independent non-executive Director on 30 June 2022. She is a member of the Audit Committee, the chairlady of the Remuneration Committee and a member of the Nomination Committee. Ms. Yi currently practices as a lawyer in Hunan Xingbang Law Firm in the People's Republic of China (the "**PRC**") since January 2021. She worked as an assistant to lawyer in the same firm during the period from December 2017 to March 2019 and started to work as an associate in the same firm during the period from March 2019 to January 2021. Ms. Yi was previously the leader of a legal team in Hunan Jinzhou Law Firm*（湖南金州律師事務所）in the PRC during the period from November 2015 to December 2017. She worked as an assistant to the president and general secretary at Hunan Provincial Hunan Cuisine Industry Promotion Association*（湖南省湘菜產業促進會）from March 2012 to November 2015.

Since May 2019, Ms. Yi has acted as an independent director of Bit Brother Limited (formerly known as Urban Tea, Inc.), a NASDAQ-listed company (NASDAQ:BTB). She also serves as the deputy general secretary (part-time) in Hunan Provincial Hunan Cuisine Industry Promotion Association since April 2018 and the deputy director in Youth Returnees' Association of the Hunan Committee of The Zhi Gong Party of China*（致公黨湖南省委青年海歸聯誼會）since September 2017.

Ms. Yi passed the National Unified Legal Professional Qualification Examination in March 2019 and is qualified as a practising lawyer in the PRC in January 2021. She obtained a bachelor's degree in jurisprudence from the Chengsha University of Science and Technology in the PRC in June 2010 and a Master of Laws in international commercial law from the University of Kent in the United Kingdom in July 2012.

Mr. Chang Li-Chung ("Mr. Chang"), aged 61, was appointed as an independent non-executive Director on 25 February 2021. He is a member of the Audit Committee, a member of the Remuneration Committee and the chairman of the Nomination Committee. Mr. Chang is currently the general manager of Yigoulian Trading (Shenzhen) Co., Ltd. *（易購鏈商貿（深圳）有限公司）, a limited liability company established in China, since April 2020. He is also currently acting as the executive director of Changzhou Jintan Apollo Biological Products Co., Ltd. *（常州金壇阿波羅生物製品有限公司）, a limited liability company established in China, since August 2003. Mr. Chang worked as general manager at HONGKONG BO EN INVESTMENT MANAGEMENT CO., LIMITED, a company incorporated in Hong Kong with limited liability, from November 2015 to December 2019. Mr. Chang graduated from the Republic of China Air Force Institute of Technology*（中華民國空軍航空技術學院）in 1978.

SENIOR MANAGEMENT

Ms. Tan Peck Luan (Chen Biluan) ("Ms. Tan"), aged 49, is the chief financial officer and joined our Group in December 2017. She is primarily responsible for overseeing the financial management, accounting operations, and regulatory compliance of our Group. She has about 29 years of experience in the fields of accounting and auditing.

Ms. Tan started her career as an assistant tax officer with the Inland Revenue Authority of Singapore from June 1993 to July 1994. From July 1994 to August 1996, Ms. Tan served as an accounts executive in Lingcotug Pte. Ltd. From November 1996 to May 2004, Ms. Tan worked at Deloitte & Touche, Singapore with her last position as an audit manager. Ms. Tan joined April Management Pte Ltd as a financial controller from January 2005 to March 2008. From April 2008 to August 2013, she was a freelance accountant who assisted the clients to set up accounting process, maintain accounts, prepare tax submission and forecast on project basis. Ms. Tan worked as an accounting and administrative manager at Talent Navigators Pte. Ltd. from August 2013 to April 2015. From April 2015 to February 2017, Ms. Tan served as a vice president of Pacific Star Development Pte Ltd and was responsible for overseeing financial reporting. From February 2017 to October 2017, Ms. Tan served as a financial controller of Pacific Star Development Limited, a company listed on the Singapore Exchange Securities Trading Limited with the principal business in real estate development. From September 2019 to February 2020, Ms. Tan was an executive Director. Since December 2017, Ms. Tan has been serving as a chief financial officer in the then group of Optima Werkz.

Ms. Tan graduated with a diploma in accountancy from Ngee Ann Polytechnic, Singapore, in August 1993. Ms. Tan was admitted as a non-practising member of the Institute of Certified Public Accountants of Singapore in June 2000, and has obtained a certificate issued by the Association of Chartered Certified Accountants to certify that she is a graduate of the association having passed the final examination in 1997. Ms. Tan was admitted as a member of the Institute of Singapore Chartered Accountants in July 2013.

Mr. Lew Chuen Hui Rick ("Mr. Lew"), aged 45, is the operations manager of our Group. He is primarily responsible for assisting chief operating officer in day-to-day management of the affairs and activities of our Group. He has over 20 years of experience in the automobile industry. From April 2002 to September 2005, Mr. Lew worked in Motorway Credit Pte Ltd as a sales executive in the Mitsubishi Department. He worked in Mazda Motor (S) Pte Ltd as a sales consultant from October 2005 to July 2007. From September 2007 to July 2013, Mr. Lew worked in Georg Grotjahn (S) Pte Ltd as a senior sales executive. From August 2013 to August 2016, he has been working in Optima Werkz as an automotive service advisor and was responsible for customer service and sales operations. He was promoted to be the operations manager since September 2016 and has been primarily responsible for assisting chief operating officer in day-to-day management of the affairs and activities of Optima Werkz.

COMPLIANCE OFFICER

Mr. Goh is the compliance officer of the Company. He is also an executive Director. For details of Mr. Goh's background and experience, please refer to "Executive Directors" section.

COMPANY SECRETARY

Ms. Xu Jiayuan ("Ms. Xu"), aged 32, was appointed as a company secretary of our Company on 30 September 2021. Ms. Xu has over 7 years of experience in the corporate governance field, including internal audit, risk management and corporate services to Hong Kong companies listed on the Stock Exchange as well as private and multinational companies. Ms. Xu is the company secretary of Ta Yang Group Holdings Limited, a company listed on the Stock Exchange (stock code: 1991) since January 2023.

Ms. Xu obtained a degree of bachelor of management majoring in business administration (management accounting) at the Capital University of Economics and Business in June 2013. She further obtained a degree of master of science majoring in accountancy from the Hong Kong Polytechnic University in October 2014. Ms. Xu is a member of the Hong Kong Institute of Certified Public Accountants and a Certified Internal Auditor conferred by the Institute of Internal Auditors.

Corporate Governance Report

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2022.

CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Board sets appropriate policies and implements corporate governance practices appropriate to the conduct and growth of the Group's business. The Company has complied the principles and code provisions as set out in CG Code as contained in Appendix 15 to the GEM Listing Rules.

As the Shares were listed on GEM of the Stock Exchange on the Listing Date, the Company has since then adopted and complied with, where applicable, the CG Code during the year ended 31 December 2022 up to the date of this annual report to ensure that the Group's business activities and decision making processes are regulated in a proper and prudent manner.

The Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of the directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc.

The Directors will review the Group's corporate governance policies and compliance with the CG Code each financial year and comply with the "comply or explain" principle in the corporate governance report which will be included in the annual reports after the Listing.

In the opinion of the Board, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2022 up to the date of this annual report.

Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. The Group has conducted an annual review during the year ended 31 December 2022 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. The review covered analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, encompassing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function as well as those related to the Company's Environmental, Social and Governance ("**ESG**") performance and reporting. 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.

Corporate Governance Report

BOARD OF DIRECTORS

Responsibilities and Delegation

The Board is entrusted with the overall responsibility for promoting the success of the Company by providing effective leadership and direction to its business, and ensuring transparency and accountability of its operations. The Board reserves its decisions for all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control systems, risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, change of Directors, ad hoc projects and other significant financial and operational matters. The Board has the full support of the management to discharge its responsibilities.

The day to day management, administration and operation of the Company are delegated to the executive Directors and the senior management. The delegated functions and work tasks are periodically reviewed. Approval has to be obtained from the Board prior to any significant transactions entered into by the abovementioned officers. All Directors have full and timely access to all relevant information of the Company, with a view to ensure that Board procedures and all applicable rules and regulations in the Cayman Islands and Hong Kong are followed. Each Director is normally able to seek independent advice in appropriate circumstances at the Company's expense, upon making request to the Board.

In addition, the Board has also delegated various responsibilities to the board committees of the Company. Further details of the board committees of the Company are set out below in this annual report.

The Board is also responsible for, among others, performing the corporate governance duties as set out in the code provision A.2.1 of the CG Code, which include:

– to develop and review the Group's policies and practices on corporate governance and make recommendations;

– to review and monitor the training and continuous professional development of the Directors and senior management;

– to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

– to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the Directors and employees; and

– to review the Group's compliance with the CG Code and disclosure in the corporate governance report.

The Company has arranged appropriate liability insurance coverage for all the Directors, including company securities, employment practices, regulatory crisis event, investigation, litigation, tax liabilities and public relation, etc., which is to be reviewed by the Board on a regular basis.

The Board has delegated day-to-day operation responsibility to the management of the Company under the supervision of the executive Directors and various Board committees. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entering into by the foregoing officers and senior management.

Board Composition

The Board comprised the following Directors during the year ended 31 December 2022 and up to the date of this annual report:

Executive Directors
Mr. Hu Wu'an (Chairman)
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)
Ms. Lim Li Ling (Lin Liling)
Mr. Goh Duo Tzer (Wu Duoze)
Ms. Nie Li
Ms. Lin Xiaojuan

Independent Non-Executive Directors
Mr. Chu Kin Ming
Mr. Chang Li-Chung
Ms. Tan Meng Choon (resigned on 30 June 2022)
Ms. Yi Jing (appointed on 30 June 2022)

The Nomination Committee ensures the composition of the Board constitutes a balance of gender, age, cultural and educational background, professional experience, skills, knowledge, experience and diversity of perspective appropriate to the requirements of the business and development of the Company. The current Board composition of six executive Directors and three independent non-executive Directors (the "**INEDs**") can effectively exercise independent judgment. The list of all Directors (by category) is set out under the section headed "Corporate Information" in this annual report and is also disclosed in all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The INEDs are expressly identified in all corporate communications of the Company. Except Mr. Ang and Ms. LL Lim are spouses, there is no relationship (including financial, business, family or other material or relevant relationships) between the Board members, and in particular, between the Chairman and the chief executive.

In order to ensure that independent views and input of the independent non-executive directors are made available to the Board, the Nomination Committee and the Board are committed to assess the directors' independence annually with regards to all relevant factors related to the independent non-executive Directors including the following:

(a) required character, integrity, expertise, experience and stability to fulfill their roles;

(b) time commitment and attention to the Company's affairs;

(c) firm commitment to their independent roles and to the Board;

(d) declaration of conflict of interest in their roles as independent non-executive directors;

(e) no involvement in the daily management of the Company nor in any relationship or circumstances which would affect;

(f) the exercise of their independent judgement; and

(g) the Chairman meets with the independent non-executive Directors regularly without the presence of the executive Directors.

During the year ended 31 December 2022, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

The participation of INEDs in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all Shareholders have been duly considered. No equity-based remuneration with performance-related elements will be granted to Independent Non-executive Directors to avoid bias in their decision-making and compromise their objective and independence. Each of the INEDs has confirmed in writing his/her independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules. The Company has received such written annual confirmation from each of the INEDs and the Board considers that all the INEDs are independent.

There is a balance of gender, age, cultural and educational background, professional experience, knowledge, skills and experience for the Board, which is appropriate for the requirements of the business of the Company. The Directors' biographical information is set out in the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Save as elsewhere disclosed in this annual report, the Board members has no financial, business, family or other material/relevant relationships with each other.

The list of current Directors (by category) is also disclosed in this annual report and all corporate communications issued by the Company pursuant to the GEM Listing Rules from time to time. The Company also maintains on its website (www.ow.sg) and on the website of the Stock Exchange (www.hkexnews.hk) an updated list of current Directors (by category) identifying their roles and functions.

The Company has received a written annual confirmation from each of the INEDs of his/her independence pursuant to the requirements of the GEM Listing Rules. The Company considers all INEDs to be independent in accordance with the independence guidelines set out in the GEM Listing Rules.

Appointment and Re-election of Directors

Each of the executive Directors has entered into a service agreement with the Company for an initial term of three (3) years unless terminated by either party by giving at least three months' written notice to the other. Each of the INEDs has respectively entered into a letter of appointment with the Company for an initial term of three (3) years unless terminated by either party by giving at least three months' written notice to the other.

Corporate Governance Report

According to article 84(1) of the articles of association of the Company (the "**Articles of Association**"), at each annual general meeting (the "**AGM**") of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself/herself for re-election.

Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

According to article 83(3) of the Articles of Association, any person who is appointed by the Directors to fill a casual vacancy on the Board or as an addition to the existing Board shall hold office until the first AGM after his/her appointment and shall then be eligible for re-election.

Pursuant to the aforesaid provisions of the Articles of Association, (i) Mr. Ang Lay Keong, Ms. Lim Li Ling and Mr. Chang Li-Chung will retire from office as Directors at the forthcoming AGM of the Company and, being eligible, will offer themselves for re-election pursuant to article 84(1); and (ii) Ms. Yi Jing will retire from office as Director at the forthcoming AGM of the Company and, being eligible, will offer herself for re-election pursuant to article 83(3). The Company's circular containing detailed information of all retiring Directors pursuant to the GEM Listing Rules will be issued in due course.

The procedures and process of appointment, re-election and removal of Directors are laid down in the Articles of Association. The Company has established a Nomination Committee and its primary functions are to make recommendations to the Board regarding candidates to fill vacancies on the Board and policies/practices on corporate governance of the Group. Details of the Nomination Committee and its work performed are set out in the "Board Committees" section below.

Induction and Continuous Professional Development for Directors

Pursuant to code provision C.1.4 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

Each newly appointed Director receives comprehensive, formal and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the Group structure, Board and Board Committees meetings procedures, business, management and operations of the Company, etc. and that he/she is fully aware of his/her responsibilities and obligations under the GEM Listing Rules and relevant regulatory requirements in the Cayman Islands and Hong Kong. During the year, the newly appointed Director participated in the induction program regarding directors' responsibilities and obligations under the GEM Listing Rules conducted by the Company's legal adviser, which covered, among other topics, the CG Code, GEM Listing Rules and directors' continuing obligations.

All Directors are continually updated with legal and regulatory developments, and the business and market changes to facilitate the discharge of their responsibilities.

Corporate Governance Report

According to the records maintained by the Company, the Directors received the following training regarding roles, function and duties of a director of a listed company or professional skills in compliance with the new requirement of the CG Code on continuous professional development during the year ended 31 December 2022 up to the date of this annual report:

	Attending training seminars/ induction training/ Reading materials
Executive Directors	
Mr. Hu Wu'an (Chairman)	✓
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)	✓
Ms. Lim Li Ling (Lin Liling)	✓
Mr. Goh Duo Tzer (Wu Duoze)	✓
Ms. Nie Li	✓
Ms. Lin Xiaojuan	✓
Independent Non-Executive Directors	
Mr. Chu Kin Ming	✓
Mr. Chang Li-Chung	✓
Ms. Tan Meng Choon (resigned on 30 June 2022)	✓
Ms. Yi Jing (appointed on 30 June 2022)	✓

Besides, the Company keeps circulating information and materials to develop and refresh Directors' knowledge and skills from time to time. All the information and materials are relevant to the Group's business, the economy, corporate governance, rules and regulations, accounting, financial or professional skills and/or directors' duties and responsibilities. There are also arrangements in place for providing continuing briefing and professional development to each Director. All Directors are encouraged to attend relevant training courses at the Company's expense. The Company Secretary is responsible for keeping records of training taken by each Director.

Board Practices and Conduct of Meetings

Pursuant to code provision C.5.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year for reviewing and approving financial statements, operating performance, budgets, rules and regulations, announcements and circulars issued by the Company and considering and approving the progress of the various on-going projects, the overall strategies and policies of the Company. Additional meetings would be arranged if and when required. Annual meeting schedules of each meeting of the Board and for the Audit Committee, Nomination Committee and Remuneration Committee of the Company (the "**Board Committees**") are normally made available to Directors and members in advance. Board members are provided with all agenda and adequate information for their review at least 14 days before the meetings. The Board and Board Committees members are supplied with comprehensive meeting papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event no less than 3 days before the date of the meeting). All Directors and the Board Committees members are given opportunities to include matters in the agenda for regular Board and Board Committees meetings and/or their meetings, if required. To facilitate the decision-making process, the Directors and the Board Committees members are free to have access to the management for enquiries and to obtain further information, when required.

After the meeting, draft minutes are circulated to all Directors and Board Committees members for comments. Minutes of Board meetings and meetings of Board Committees are kept by the Company Secretary and are available for inspection by the Directors at all times.

Directors may participate in meetings either in person or through electronic means of communications. Directors are free to contribute and share their views at meetings and major decisions will only be taken after deliberation at Board meetings. Directors who are considered to have conflict of interests or material interests in the proposed transactions or issues to be discussed will not be counted in the quorum of meeting and will abstain from voting on the relevant resolutions.

The Board annually reviews the implementation and effectiveness of the above mechanism to ensure availability of independent views and input to the Board.

Directors' Attendance Records

The Board meets regularly for reviewing and approving the financial and operating performance, and considering and approving the overall strategies and policies of the Company. Additional meetings are held when significant events or important issues are required to be discussed and resolved.

During the year ended 31 December 2022 up to the date of this annual report, the Board convened 6 full Board meetings. The attendance of each Director is as follows:

	Number of meetings attended/eligible to attend				
	AGM	Board	Audit Committee	Nomination Committee	Remuneration Committee
Executive Directors					
Mr. Hu Wu'an (Chairman)	1/1	5/6	N/A	N/A	N/A
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)	1/1	6/6	N/A	1/1	N/A
Ms. Lim Li Ling (Lin Liling)	1/1	6/6	N/A	N/A	N/A
Mr. Goh Duo Tzer (Wu Duoze)	1/1	6/6	N/A	N/A	N/A
Ms. Nie Li	1/1	6/6	N/A	N/A	N/A
Ms. Lin Xiaojuan	1/1	6/6	N/A	N/A	N/A
Independent Non-Executive Directors					
Mr. Chu Kin Ming	1/1	6/6	6/6	N/A	1/1
Mr. Chang Li-Chung	1/1	6/6	6/6	1/1	1/1
Ms. Tan Meng Choon (resigned on 30 June 2022)	1/1	3/3	2/2	N/A	N/A
Ms. Yi Jing (appointed on 30 June 2022)	N/A	3/3	4/4	1/1	1/1

Apart from the said meetings, matters requiring Board approval were arranged by means of circulation of written resolutions of all Board members.

In addition to regular Board meetings, under code provision C.2.7 of the CG, the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors (the "**Chairman and Independent non-executive Directors Meeting**"). During the year, one Chairman and Independent non-executive Directors Meeting was held.

All business transacted at the Board meetings and by written resolutions were-well documented. Minutes of the Board meetings and written resolutions are kept by the Company and are available to all Directors.

CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision C.2.1 of the CG Code, the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. During the year ended 31 December 2022. The position of the chairman and the chief executive officer of the Company were held separately. Mr. Hu Wu'an is the chairman of the Company and Mr. Ang Lay is the chief executive officer

Mr. Ang is responsible for major decision making and implementation of business strategies of the Group. Mr. Hu takes the lead to ensure that the Board works effectively and acts in the best interest of the Company by encouraging the Directors to make active contributions to Board's affairs and promoting a culture of openness and debate.

BOARD COMMITTEES

The Board has established three Board Committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board Committees have been established with defined written terms of reference, which are posted on the website of the Stock Exchange at http://www.hkexnews.hk and the Company's website at www.ow.sg. All the Board Committees should report to the Board on their decisions or recommendations made.

The practices, procedures and arrangements in conducting meetings of Board Committees follow in line with, so far as practicable, those of the Board meetings set out above.

All Board Committees are provided with sufficient resources to perform their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstance, at the Company's expense.

Remuneration Committee

The Company established the Remuneration Committee pursuant to a resolution of passed on 18 September 2019 in compliance with Rule 5.34 of the GEM Listing Rules with written terms of reference in compliance with the CG Code. The primary functions of the Remuneration Committee are to (i) make recommendation to the Board on the remuneration packages of the Directors and senior management of the Group, (ii) review performance based remuneration and (iii) ensure none of the Directors determine their own remuneration.

The Remuneration Committee currently consists of three independent non-executive Directors, namely, Mr. Chu Kin Ming, Mr. Chang Li-Chung and Ms. Yi Jing. Ms. Yi Jing currently serves as the chairlady of the Remuneration Committee.

Pursuant to the code provision E.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the year ended 31 December 2022 is set out below:

In the band of	**Number of Individuals**
Nil to HK$1,000,000	6
HK$1,000,001 to HK$2,000,000	2
Over HK$2,000,000	0

Details of the remuneration of each Director and the 5 individuals with the highest emoluments in the Group for the year ended 31 December 2022 are set out in Note 12 to the consolidated financial statements, respectively, contained in this annual report.

The members of the Remuneration Committee should meet at least once a year. During the year ended 31 December 2022 up to the date of this annual report, 1 Remuneration Committee meetings were held, and the individual attendance records of each Director at the meeting of the Remuneration Committee is set out on page 29 of this annual report.

Set out below is a summary of the work and related tasks performed by the Remuneration Committee during the period:

– reviewed the summary of remuneration package paid to each Directors and senior management of the Company;

– studied the current remuneration package, policy and structure of all Directors (including appointment(s), resignation(s) and retirement(s) during the year);

– assessed the performance of the executive Directors;

– proposed remuneration packages with reference to the duties and responsibilities of Directors, business performance and profitability of the Group and market conditions, the corporate objective and goal set by the Board and a report of salaries paid by the comparable companies to directors and senior management; and

– reviewed the procedures of remuneration policy, procedures and structure for fixing the remuneration packages.

Audit Committee

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

The primary duties of the Audit Committee are mainly to review the financial information and reporting process, internal control procedures and risk management system, audit plan and relationship with external auditors and arrangements to enable employees of the Company to raise, in confidence, concerns about possible improprieties in financial reporting, internal control or other matters of the Company.

The members of the Audit Committee should meet at least four times a year to consider quarterly report, interim report and annual report prepared by the Board and meet the external auditors at least once a year. During the year ended 31 December 2022 up to the date of this annual report, the individual attendance records of each Director at the meeting of the Audit Committee is set out on page 29 of this annual report.

Up to the date of this annual report, the Audit Committee met 6 times, of which 6 of the meetings was also with the presence of the senior management of the Company and performed the following major tasks:

– Review of and discussion on the quarterly, interim and annual financial statements, results announcements and reports, the related accounting principles and practices adopted by the Group and the relevant audit findings;

– Review the Company's financial controls, internal control and risk management systems, such risks would include, amongst others, material risks relating to ESG; and

– Discussion and recommendation of the re-appointment of external auditor.

Nomination Committee

The Nomination Committee currently consists of one executive Director, and two independent non-executive Directors, namely Mr. Chang Li-Chung, Mr. Ang and Ms. Yi Jing. Mr. Chang Li-Chung currently serves as the chairman of the Nomination Committee.

The principal duties of the Nomination Committee are to (i) review the Board composition; (ii) develop and formulate relevant procedures for the nomination and appointment of directors; (iii) identify qualified individuals to become members of the Board; (iv) monitor the appointment and succession planning of directors; and (v) assess the independence of INEDs.

Up to the date of this annual report, the Nomination Committee met once and performed the following major tasks:

– Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of gender, age, cultural and educational background, professional experience, skills, knowledge, experience and diversity of perspectives appropriate to the requirements for the business of the Group;

– Assessment of the independence of the existing INEDs;

– Recommendation on the re-appointment of retiring Directors at the AGM pursuant to the Articles of Association;

– Review and development of the Company's policies and practices on corporate governance and make recommendations to the board;

– Review and monitoring of the training and continuous professional development of directors and senior management;

– Review and monitoring of the Company's policies and practices on compliance with legal and regulatory requirements;

– Review and monitoring of the code of conduct applicable to employees and directors; and

– Review of the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

The members of the Nomination Committee should meet at least once a year where appointment of the Directors will be considered. During the year ended 31 December 2022 up to the date of this annual report, the individual attendance records of the each Nomination Committees at the meeting of the Nomination Committee is set out on page 29 of this annual report.

Policy for Nomination of Directors

It is the policy of the Nomination Committee to adopt the following procedure, process and criteria for selecting and recommending candidates for directorships.

Selection Criteria

The Nomination Committee will evaluate, select and recommend candidate(s) for directorships to the Board by giving due consideration to a wide range of criteria, having due regard to the benefits of diversity on the Board, including but not limited to gender, age, experience, cultural and educational background, expertise, skills and know-how, sufficient time to effectively carry out their duties, their services on other listed and non-listed companies (if any, which should be limited to reasonable numbers), qualifications including accomplishment and experience in the relevant industries the Company's business is involved in, independence, reputation for integrity, potential contributions that the individual(s) can bring to the Board and commitment to enhance and maximise value for Shareholders.

Nomination Procedure and Process

The Nomination Committee will recommend to the Board for the appointment of a Director in accordance with the following procedure and process:

(a) by giving due consideration to the current composition and size of the Board, develop a list of desirable skills, perspectives and experience at the outset to focus the search effort;

(b) consult any source it deems appropriate in identifying or selecting suitable candidates, such as referrals from existing directors, advertising, recommendations from independent agency firms, and proposals from shareholders of the Company, with due consideration given to the criteria set out in the section titled "Selection Criteria" above;

(c) adopt any process it deems appropriate in evaluating the suitability of the candidates, such as interviews, background checks, presentations and third-party reference checks;

(d) upon considering a candidate suitable for the directorship, the Nomination Committee will hold a meeting and/or by way of written resolutions to, if thought fit, approve the recommendation to the Board for appointment;

(e) make the recommendation to the Board in relation to the proposed appointment and the proposed remuneration package; and

(f) the Board will have the final authority on determining the selection of nominees.

The ultimate decision of Board appointment will be based on reputation and contribution that the selected candidates will bring to the Board. The Nomination Committee will review the Board Diversity Policy on a regular basis and discuss any revisions that might be required, and recommend to the Board for consideration and approval.

COMPANY SECRETARY

The Company Secretary supports the Board by ensuring good information flow within the Board and that the Board policy and procedures are followed. The Company Secretary is responsible for advising the Board on the corporate governance matters. All Directors have access to the advice and services of the Company Secretary to ensure that the Board procedures and all applicable laws, rules and regulations, are followed.

Ms. Xu is the company secretary of the Company. For details of Ms. Xu's qualifications, please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report.

Ms. Xu does not act as an individual employee of our Company, but as an external service provider in respect of the appointment of Ms. Xu as the company secretary of the Company. Pursuant to code provision C.6.1 of the Corporate Governance Code (the "**CG Code**") as set out in Appendix 15 of the GEM Listing Rules, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the Company has nominated Mr. Goh of the Company as its contact point for Ms. Xu.

Ms. Xu has complied with all the required qualifications, experiences and training requirements under the GEM Listing Rules. For the year ended 31 December 2022, Ms. Xu complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the rules set out in Rules 5.48 to 5.67 of the GEM Listing Rules as the code for dealing in securities of the Company by the Directors (the "**Required Standard of Dealings**"). Having made specific enquiry, all the Directors have confirmed that they have complied with the Required Standard during the year ended 31 December 2022 up to the date of this annual report.

In addition, the Company has also adopted provisions of the Required Standard of Dealings as written guidelines for relevant employees in respect of their dealings in the securities of the Company. Such relevant employees did and would abide by the provisions of the Required Standard. Besides, the Company has adopted internal control policy in relation to the disclosure of inside information of the Company (the "**Inside Information Policy**").

No incident of non-compliance of the Required Standard of Dealing and/or the Inside Information Policy by such relevant employees was noted by the Company during the year ended 31 December 2022 up to the date of this annual report.

Inside Information

With respect to the procedures and internal controls for the handling and dissemination of price sensitive information, the Company is aware of its obligations under Part XIVA of the Securities and Futures Ordinance (the "**SFO**") and the GEM Listing Rules and has established the inside information/price-sensitive information disclosure policy with close regard to the "Guidelines on Disclosure of Inside Information" issued by the Securities and Future Commission.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has overall responsibility for the establishment, maintenance and review of the Group's internal control system to safeguard the assets of the Group and shareholder investments. The internal control system of the Group aims to facilitate effective and efficient operation which in turn minimises the risks to which the Group is exposed. The system can only provide reasonable but not absolute assurance against misstatement or losses.

The Board has conducted a review of the implemented system and procedures, covering financial, operational and legal compliance controls and risk management functions. The Directors consider that the Group has implemented appropriate procedures for safeguarding the Group's assets against unauthorised use or misappropriation, maintaining proper accounting records, segregation of duties and putting plans and routines into execution with appropriate authority and in compliance with the relevant laws and regulations.

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 December 2022 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 December 2022. The Audit Committee and the Board has considered the internal control review report prepared by an independent consultancy company in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

The Group adopts a risk management framework which comprises the following processes:

– Identify significant risk in the Group's operation environment and evaluate the impacts of those risks on the Group's business;

– Develop necessary measures to manage those risks; and

– Monitor and review the effectiveness of such measures.

The Group formulated the policies and procedures of risk management and internal control as follows:

– The Group established an organizational structure with clear operating and reporting procedures, lines of responsibility and delegated authority;

– Each operating subsidiary maintains internal controls and procedures appropriate to its structure whilst complying with the Group's policies, standards and guidelines;

– Relevant executive Directors and senior management have been delegated with specific accountability for monitoring the performance of designated business operating units;

– A systematic review of the financial and business processes in order to provide management on the adequacy and effectiveness of internal controls. Where weaknesses are identified in the system of internal controls, management will evaluate and take necessary measures to ensure that improvements are implemented; and

– Code of ethics are established and adhered to by all employees to ensure high standards of conduct and ethical values in all business practices.

Whistleblowing Policy

The Board adopted a whistleblowing policy (the "**Whistleblowing Policy**") which allows employees and those who deal with the Company (e.g. customers and suppliers) to raise concerns, in confidence and anonymity, about possible improprieties in operation, financial reporting or other matters related to the Company. Such arrangement will be reviewed by the Audit Committee which ensures that proper arrangement is in place for fair and independent investigation of the matters. The purpose of the Whistleblowing Policy is to (i) foster a culture of compliance, ethical behaviour and good corporate governance across the Group; and (ii) promote the importance of ethical behaviour and encourages the reporting of misconduct, unlawful and unethical behavior.

The nature, status and the results of the complaints received under the Whistleblowing Policy are reported to the chairman of the Audit Committee of the Group. No incident of fraud or misconduct that have material effect on the Group's financial statements or overall operations for the year ended 31 December 2022 has been discovered.

The Whistleblowing Policy is reviewed annually by the Audit Committee to ensure its effectiveness.

Anti-corruption policy

The Board adopted an anti-corruption policy (the "**Anti-corruption Policy**"). The Group is committed to achieving the highest standards of integrity and ethical behaviour in conducting its business. The Anti-corruption Policy forms an integral part of the Group's corporate governance framework. The Anti-corruption Policy sets out the specific behavioural guidelines that the Group's personnel and business partners must follow to combat corruption. It demonstrates the Group's commitment to the practice of ethical business conduct and the compliance of the anti-corruption laws and regulations that apply to its local and foreign operations. In line with this commitment and to ensure transparency in the Group's practices, the Anti-corruption Policy has been prepared as a guide to all Group employees and third parties dealing with the Group.

The Anti-corruption Policy is reviewed and updated periodically to align with the applicable laws and regulations as well as the industry best practice.

Procedures And Internal Control For Handling And Dissemination Of Inside Information

The Board has approved and adopted the Inside Information Policy for the Company during the year ended 31 December 2022 for monitoring inside information to ensure compliance with the GEM Listing Rules and the Securities and Futures Ordinance. The procedures and internal controls for handling and dissemination of inside information as set out in the Inside Information Policy are summarised below:

Handling of Inside Information

1. Inside information shall be announced as soon as reasonably practicable after it becomes known to the Board and/or is the subject of a decision by the Board in accordance with the GEM Listing Rules. In cases where a decision by the Board is pending or in cases of incomplete negotiations, the Group shall implement the procedures set out in the Inside Information Policy to maintain the confidentiality of information. Until an announcement is made, the Directors should ensure that such information is kept strictly confidential. If the confidentiality cannot be maintained, an announcement shall be made as soon as practicable.

2. Each department shall keep inside information on transactions confidential. If there is a leakage of inside information, they shall inform the Directors and the Company Secretary immediately, so that remedial actions, including making an inside information announcement, can be taken at the earliest opportunity.

3. The Group's Finance Department shall keep track of the Group's threshold levels for disclosure pursuant to the size tests under the GEM Listing Rules, so that an announcement can be made as soon as practicable should a notifiable transaction arises.

Dissemination of Inside Information

Inside information is announced promptly through the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.ow.sg). The electronic publication system of the Stock Exchange is the first channel of dissemination of the Group's information before any other channel.

AUDITOR'S REMUNERATION AND AUDITOR RELATED MATTERS

During the year ended 31 December 2022, the fee paid/payable to auditor in respect of audit service and/or non-audit services provided by the auditor to the Group were as follows:

Nature of services	2022 SGD'000	2021 SGD'000
Audit services	**169**	100

There is no disagreement between the Board and the Audit Committee regarding the reappointment of external auditor.

Directors' And Auditor's Responsibilities For Consolidated Financial Statements

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2022, which give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules.

As at 31 December 2022, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. Therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibilities of the Group's external auditors, HLB Hodgson Impey Cheng Limited, on the Company's consolidated financial statements are set out in the Independent Auditor's Report on pages 86 to 91 of this Annual Report.

DIVERSITY

Board Diversity Policy

The Board recognises the importance of its diversity in relation to its business, and adopted on 18 September 2019 and amended on 29 December 2022 a board diversity policy (the "**Board Diversity Policy**"). The Board Diversity Policy sets out the approach to achieve diversity on the Board, the summary of which is set out below:

– The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance;

– In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge, experience and diversity of perspectives; and

– All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

As at 31 December 2022, the Directors have a balanced mix of knowledge, skills and experience, including the areas of automobile industry, business management, accounting and tax planning as well as legal. They obtained academic certificates, degrees and masters in various majors, including finance and economics, business management, jurisprudence and international commercial law. The Board comprises 6 executive Directors and 3 independent non-executive Directors, and the male Directors represent approximately 56% of the Board and the female Directors represent approximately 44% of the Board. Furthermore, the Board has a wide range of age, ranging from 35 years old to 61 years old.

Measurable Objectives

In terms of implementing the Board Diversity Policy, there are the following measurable objectives:

(a) to comply with the requirements as specified under the GEM Listing Rules from time to time in relation to composition of the Board;

(b) the number of independent non-executive Directors appointed must not be less than three and must represents at least one-third of the Board;

(c) at least one of the independent non-executive Directors must have appropriate professional qualifications or accounting or related financial management expertise; and

(d) must appoint a Director of a different gender on or before the year ended 2024 to avoid single gender board.

As at 31 December 2022, all the measurable objectives under the Board Diversity Policy have been fulfilled.

Monitoring and Reporting

The Board reviews the Board Diversity Policy and the measurable objectives for implementing such policy on a regular basis and will review the progress on achieving these objectives, developing successors to the Board, and the implementation and effectiveness of the Board Diversity Policy on an annual basis.

Gender diversity of Workforce

Gender diversity at workforce levels (including our senior management) is disclosed in the Company's "Environmental, Social and Governance Report" contained in this annual report.

SHAREHOLDERS' RIGHTS

Shareholders should direct their questions about their shareholdings to the Company's Hong Kong branch registrar and transfer office, namely, Tricor Investor Services Limited, whose contact details are stated in the section headed "Corporate Information" of this annual report.

Shareholders holding not less than one-tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company may deposit a requisition to convene an EGM or to add resolutions to the agenda of such EGM and state the purpose therefore to the Board or the Company Secretary.

The Company has adopted Shareholders' Communications Policy with Shareholders and investors of the Company that provide ready, equal and timely access to understandable information about the Company. The Board welcomes Shareholders for their comments and/or enquiries about the Company. Shareholders may send their comments and/or enquiries to the Board by addressing them to the Company Secretary. Shareholders who wish to put forward proposal for the Company's consideration at the general meetings of the Company can send their proposal to the Company Secretary.

Pursuant to Articles of Association of the Company, if a Shareholder wishes to propose another person (the "**Candidate**") for election as a Director at a general meeting of the Company, the Shareholder should deposit a written notice of nomination and a written notice of consent signed by the Candidate to the principal place of business of the Company in Hong Kong during a period of at least seven days commencing the day after the despatch of the notice of the meeting appointed for such election and ending no later than seven days before the date of such general meeting. The relevant procedures are posted on the Company's website (www.ow.sg).

The Shareholders may at any time send their enquiries and concerns to the Board in writing. Contact details are as follows:

Address: 18/F, Ovest, 77 Wing Lok Street, Sheung Wan, Hong Kong

Shareholders' enquiries and concerns will be forwarded to the Board and/or relevant Board Committees of the Company, where appropriate, to answer the Shareholders' questions.

INVESTOR RELATIONS AND SHAREHOLDERS ENGAGEMENT

The Board puts great emphasis on investor relationship in particular fair disclosure and comprehensive report of the Company's performance and activities.

Shareholders are encouraged to attend the general meetings of the Company and the Directors will make efforts to fully address any questions raised by the Shareholders at the AGM and the extraordinary general meetings (the "**EGM**") of the Company.

The forthcoming annual general meeting of the Company will be held on Monday, 26 June 2023 (the "**2023 AGM**"), the notice of which shall be sent to the Company's shareholders in accordance with the Articles of Association of the Company, the GEM Listing Rules and other applicable laws and regulations.

Constitutional Documents

During the year ended 31 December 2022, the Company has amended the Memorandum and Articles of Association, details of which are set out in the announcement dated 19 May 2022 and the circular dated 22 May 2022 of the Company. The Shareholders have approved the amendments at the annual general meeting of the Company held on 28 June 2022. The Company's second amended and restated Memorandum and Articles of Association is available on the websites of the Company and the Stock Exchange.

Communication with Shareholders

In order to enable Shareholders to exercise their rights in an informed manner, and to allow Shareholders and the investment community to engage actively with the Company, the Company has established a number of channels for maintaining on-going dialogue with the Shareholders as follows:

– corporate communications such as annual reports, quarterly reports, interim reports and circulars are issued in printed form and are available on the GEM's website and the Company's website;

– periodic announcements are made through the Stock Exchange and published on the respective websites of the GEM of the Stock Exchange and the Company;

– corporate information is made available on the Company's website;

– AGM and EGM provide a forum for the Shareholders to make comments and exchange views with the Directors and senior management; and

– the Company's share registrars serve the Shareholders in respect of share registration, dividend payment, change of Shareholders' particulars and related matters.

The Company considers its shareholder communication policy implemented effectively.

Directors' Report

The Board is pleased to present its annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2022. The Shares were listed on GEM of the Stock Exchange on 11 October 2019.

PRINCIPAL ACTIVITIES

The Group is principally engaged in (i) the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services; (ii) offering short-term and long-term car rental services; (iii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in China; and (iv) sale of hardware and equipment, data collection and provision of management platform service relating to education business.

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of the principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in Note 35 to the consolidated financial statements. No important event affecting the Group has occurred during the year ended 31 December 2022 up to the date of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the five years is set out in the financial summary on page 168 of this annual report. This summary does not form part of the audited consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2022 and the financial position of the Company and of the Group at that date are set out in the consolidated financial statements on pages 92 to 93 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2022.

REVENUE

An analysis of the Group's revenue for the year ended 31 December 2022 is set out in Note 7 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

Directors' Report

SHARE CAPITAL

Details of the Company's share capital is set out in Note 25 to the consolidated financial statements.

The Company's shares have been listed on the GEM of the Stock Exchange since 11 October 2019.

RESERVES

Details of movements in the reserves of the Company and the Group are set out in Note 26 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association or the laws of the Cayman Islands, which would oblige the Company to offer new shares on a pro-rata basis to existing Shareholders.

DISTRIBUTABLE RESERVES

As at 31 December 2022, the Group's reserves available for distribution to owners comprising share premium account and accumulated losses, amounted to approximately SGD5.0 million.

DIVIDEND POLICY

The Company has adopted a dividend policy that, in recommending or declaring dividends, the Company shall maintain adequate and sufficient cash reserves for meeting its working capital requirements and future growth as well as its Shareholder value. The Board has the full discretion to declare and distribute dividends to the Shareholders, and any final dividend for a financial year will be subject to Shareholders' approval. In proposing any dividend pay-out, the Board shall also take into account, among other things, the Group's financial results, financial position, cash flow situation, business conditions and strategies, current and future operations and earnings, capital requirements and expenditure plans, interests of Shareholders, prevailing economic environment, any restrictions on payment of dividends and any other factors the Board may consider relevant. Any payment of the dividend by the Company is also subject to any restrictions under all applicable laws and regulations.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, the revenue attributable to the Group's largest customer and five largest customers accounted for approximately 12% and 48% of the Group's total revenue, respectively.

None of the Directors or any of their close associates (as defined in GEM Listing Rules) or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any interest in the Group's five largest customers.

During the year ended 31 December 2022, the cost attributable to the Group's largest suppliers and five largest suppliers accounted for approximately 2% and 9% of the Group's total cost, respectively.

None of the Directors or any of their close associates (as defined in GEM Listing Rules) or shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) has any interest in the Group's five largest suppliers.

DIRECTORS

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

Executive Directors
Mr. Hu Wu'an (Chairman)
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)
Ms. Lim Li Ling (Lin Liling)
Mr. Goh Duo Tzer (Wu Duoze)
Ms. Nie Li
Ms. Lin Xiaojuan

Independent Non-Executive Directors
Mr. Chu Kin Ming
Mr. Chang Li-Chung
Ms. Tan Meng Choon (resigned on 30 June 2022)
Ms. Yi Jing (appointed on 30 June 2022)

During the year ended 31 December 2022, Ms. Tan Meng Choon resigned as an independent non-executive Director of the Company in order to devote more time to her personal affairs and other business commitments.

In accordance with the Articles of Association, at each AGM, one-third of the Directors for the time being shall retire from office by rotation provided that every Director shall be subject to retirement by rotation at least once every three years. Such retiring Directors may, being eligible, offer themselves for re-election at the annual general meeting. All Directors appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of shareholders after their appointment and be subject to re-election at such meeting and all Directors appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting and shall then be eligible for re-election.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

The biographical information of the Directors and senior management of the Group are set out on pages 18 to 22 under the section headed Biographical Details of Director and Senior Management of this annual report.

PERMITTED INDEMNITY PROVISION

Every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted.

As at 31 December 2022, the Company has taken out Directors' and officers' liabilities insurance which provides appropriate coverage for the Directors.

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ang and Ms. LL Lim, being the executive Directors, has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date. Mr. Goh, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 28 February 2021. Ms. Nie, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 18 May 2021. Ms. Lin, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 24 August 2021. Mr. Hu, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 6 January 2021. Each of the service contract shall continue unless and until it is terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Mr. Chu, being an independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association or any other applicable laws from time to time whereby he shall vacate his office. Ms. Yi has entered into a letter of appointment with the Company for a term of three years commencing from 30 June 2022, Mr. Chang has entered into a letter of appointment with the Company for a term of three years commencing from 25 February 2021, which may be terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election in accordance with the Articles of Association, the GEM Listing Rules and any other applicable laws from time to time.

None of the Directors who are proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable within one year without payment of compensation, other than statutory compensation.

Directors' Report

EMOLUMENT POLICY

The remuneration of the Directors and Group's employees is determined based on a number of factors, including their qualifications, function, experience, work performance and local market conditions. The Group regularly reviews its compensation and benefit policies to ensure that the remuneration package offered remains competitive and in line with relevant labour regulations.

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the emoluments of the directors of the Company and the five highest paid individuals of the Group are set out in Note 12 to the consolidated financial statements, respectively. There has been no arrangement under which any Director has waived or agreed to waive any emoluments.

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEME

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, the Group has not participated in any other pension scheme(s).

The relevant subsidiaries are required to contribute a specific percentage of the payroll costs to the Central Provident Fund. The only obligation of the Group with respect to the Central Provident Fund is to make the specified contributions. There are no forfeitures available to reduce company contributions from those employees who have left the company as they are fully entitled to their contributions upon leaving employment.

The total amounts contributed by the Group to the Central Provident Fund and cost charged to the profit or loss represents contributions payable to the Central Provident Fund by the Group at rates specified in the rules of the Central Provident Fund. Under the Central Provident Fund, the employees contribute 5% to 20% of their wages, while the group companies contribute 7.5% to 17% of the wages of their employees. The employers' and employees' contributions are subject to a cap of employees' monthly ordinary wages of SGD6,000 during the years ended 31 December 2022 and 2021.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

There was no transactions, arrangements or contracts of significance to which the Company, its holding company or any of its subsidiaries was a party and in which a Director had a material interest whether directly or indirectly, existed at the end of the year or at any time during the year.

MANAGEMENT CONTRACTS

As at 31 December 2022, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2022, the interests and short positions of the Directors and chief executive of the Company or any of their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long Positions

		As at 31 December 2022	
Name of Director	**Capacity/Nature of Interest**	**Number of Shares held**	**Approximate percentage of Shareholding (1)**
Mr. Ang (2)	Interest in controlled corporation	378,798,000	44.56%
Ms. LL Lim (3)	Interest of spouse	378,798,000	44.56%
Mr. Hu Wu'an	Beneficial owner	7,880,000	0.93%

Notes:

(1) The percentage has been compiled based on the total number of 850,000,000 Shares in issue as at the date of this annual report.

(2) This represents the Shares held by Red Link International Limited ("**Red Link**"), a company that is beneficially owned by Ms. Lim Fang Fang, Queenie (Lin Fangfang, Queenie) ("**Ms. FF Lim**") as to 54.70% and Mr. Ang as to 45.30%. Therefore, Mr. Ang and Ms. FF Lim are deemed to be interested in all the Shares held by Red Link under the SFO.

(3) Ms. LL Lim, one of the executive Directors, is the spouse of Mr. Ang, and is deemed to be interested in all the Shares held by Red Link in which Mr. Ang is deemed to be interested under the SFO.

Save as disclosed above, As at 31 December 2022, none of the Directors or chief executive of the Company nor their associates have interests or short positions in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that are required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2022, so far as the Directors are aware, the persons/entities (other than Directors or chief executive of the Company) who have interests and short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO or would be required to be entered in the register maintained by the Company pursuant to section 336 of the SFO are as follows:

Long Positions

		As at 31 December 2022	
Name	**Capacity/Nature of Interest**	**Number of Shares held**	**Approximate percentage of Shareholding (1)**
Red Link	Beneficial owner	378,798,000	44.56%
Ms. FF Lim (2)	Interest in a controlled corporation	378,798,000	44.56%
Mr. Ng Chee Keen (3)	Interest of spouse	378,798,000	44.56%
Mr. Chee Siew Wee	Beneficial owner	48,702,000	5.73%
Mr. Chong Soo Hoon, Sean	Beneficial owner	46,850,000	5.51%

Notes:

(1) The percentage has been compiled based on the total number of 850,000,000 Shares in issue as at the date of this annual report.

(2) This represents the shares held by Red Link, a company that is beneficially owned Ms. FF Lim as to 54.70%. Therefore, Ms. FF Lim is deemed to be interested in all the Shares held by Red Link under the SFO.

(3) Mr. Ng Chee Keen is the spouse of Ms. FF Lim and is deemed to be interested in all the Shares held by Red Link in which Ms. FF Lim is deemed to be interested under the SFO.

Save as disclosed above, As at 31 December 2022, the Directors are not aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed "Directors' and chief executive's interests and short positions in Shares and underlying Shares and debentures of the Company and its associated corporations" above) who have or are deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

During the year ended 31 December 2022, 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 2022 and up to the date of this annual report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save as disclosed in the paragraphs headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures" and "Share Option Scheme" above, at no time during the year ended 31 December 2022 and up to the date of this annual report did the Directors and the chief executive of the Company or their respective associates (as defined under the GEM Listing Rules) have any interest in or exercise, or had been granted, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the year ended 31 December 2022 was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year ended 31 December 2022.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this annual report, other than the share options granted pursuant to the Share Option Scheme (as defined below), no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2022.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2022, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. Details of related party transactions of the Group during the year ended 31 December 2022 are set out in Note 33 to the consolidated financial statements.

To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that needed to be disclosed under the GEM Listing Rules.

SHARE OPTION SCHEME

The Company 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.

The Directors shall, in accordance with the provisions of the Share Option Scheme and the GEM Listing Rules, determine from time to time to make an offer of grant of option ("**Offer**") to any person belonging to the following classes of eligible participants ("**Eligible Participants**"):

(a) any employee (whether full-time or part-time including any executive director but excluding any non-executive director) of our Company, any of our subsidiaries or any entity ("**Invested Entity**") in which any member of our Group holds an equity interest;

(b) any non-executive directors (including independent non-executive directors) of our Company, any of our subsidiaries or any Invested Entity;

(c) any supplier of goods or services to any member of our Group or any Invested Entity;

(d) any customer of any member of our Group or any Invested Entity;

(e) any person or entity that provides research, development or other technological support to any member of our Group or any Invested Entity;

(f) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our Group or any Invested Entity;

(g) any adviser (professional or otherwise) or consultant to any area of business or business development of any member of our Group or any Invested Entity; and

(h) any other group or classes of participants who have contributed or may contribute by way of joint venture, business alliance or other business arrangement to the development and growth of our Group;

and, for the purposes of the Share Option Scheme, the Offer may be made to any company wholly owned by one or more persons Eligible Participants.

Maximum number of the Shares

(a) The maximum number of Shares which may be allotted and issued upon the exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes adopted by the Group must not in aggregate exceed 30% of the share capital of the Company in issue from time to time.

(b) The total number of the Shares which may be allotted and issued upon the exercise of all options (excluding, for this purpose, options which have lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of the Group) to be granted under the Share Option Scheme and any other share option schemes of the Group must not in aggregate exceed 10% of the Shares in issue on the Listing Date, being 85,000,000 Shares ("**General Scheme Limit**").

(c) Subject to sub-paragraph (a) above but without prejudice to sub-paragraph (d) below, the Company may seek approval of the Shareholders in general meeting to refresh the General Scheme Limit provided that the total number of Shares which may be allotted and issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Group must not exceed 10% of the Shares in issue as at the date of approval of the limit and, for the purpose of calculating the limit, options (including those outstanding, cancelled, lapsed or exercised in accordance with the Share Option Scheme and any other share option scheme of the Group) previously granted under the Share Option Scheme and any other share option schemes of the Group will not be counted. The circular sent by the Company to the Shareholders shall contain, among other information, the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

(d) Subject to sub-paragraph (a) above and without prejudice to sub-paragraph (c) above, the Company may seek separate Shareholders' approval in general meeting to grant options beyond the General Scheme Limit or, if applicable, the extended limit referred to in sub-paragraph (c) above to Eligible Participants specifically identified by the Company before such approval is sought. In such event, the Company must send a circular to the Shareholders containing a generic description of the specified participants, the number and terms of options to be granted, the purpose of granting options to the specified participants with an explanation as to how the terms of the options serve such purpose and such other information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules.

The total number of Shares available for issue under the Share Option Scheme is 85,000,000 Shares, representing 10% of the issued Shares as at the date of this annual report.

Maximum entitlement of each Eligible Participants

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting of the Company with such grantee and his/her close associates (or associates if the participant is a connected person) abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant in the 12-month period), the information required under Rule 23.02(2) of the GEM Listing Rules. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under Note to Rule 23.03(9) of the GEM Listing Rules.

Time of acceptance and exercise of option

An offer made to an Eligible Participant shall remain open for acceptance by the Eligible Participant concerned (and by no other person) for a period of up to twenty-one (21) days from the date on which the offer is made ("**Offer Date**").

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to the grantee, which may commence from the date of the offer for the grant of options is made but shall end in any event not later than 10 years from the Offer Date subject to the provisions for early termination thereof. Unless otherwise determined by the Directors and stated in the offer for the grant of options to the grantee, a grantee is not required to hold an option for any minimum period before the exercise of an option granted to him/her.

Upon acceptance, the Eligible Participant shall remit HK$1.00 to the Company as consideration for the grant.

Subscription price for the Shares and consideration for the option

The subscription price for an option to subscribe for the Shares granted pursuant to the Share Option Scheme shall be at the discretion of the Directors and shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet for trade in one or more board lots of the Shares on the Offer Date; (ii) the average closing price of Shares as stated in the Stock Exchange's daily quotations for the five business days immediately preceding the Offer Date; and (iii) the nominal value of a Share.

Period and remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on 18 September 2019 and the remaining life of the Share Option Scheme was six years and eight months as at 31 December 2022.

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 2022.

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 2022 up to the date of this annual report.

Directors' Report

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 CG Code as contained in Appendix 15 of the GEM Listing Rules.

During the year ended 31 December 2022 and up to the date of this annual report, other than the deviation from code provision D.2.5 of the CG Code explained on page 23 of this annual report, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

Save as disclosed above, the Directors consider that during the year ended 31 December 2022 to the date of this annual report, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

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 comprises of three independent non-executive Directors, namely Mr. Chu Kin Ming, Ms. Yi Jing 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.

The annual results of the Company for the year ended 31 December 2022 have been audited. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2022 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Monday, 26 June 2023. For determining the entitlement to attend and vote at the 2023 AGM, the register of members of the Company will be closed from Tuesday, 20 June 2023 to Monday, 26 June 2023, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2023 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Wednesday 22 June 2023.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, based on information that is publicly available to the Company and within the knowledge of the Directors, the Directors confirm that the Company maintained sufficient public float as required under the GEM Listing Rules.

ENVIRONMENTAL POLICIES AND PERFORMANCES

The Company is committed to the sustainable development of the environment and our society. The Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental policies to ensure the Company meet the required standards and ethics in respect of environmental protection.

During the year ended 31 December 2022, the Company was in compliance, in all material respects, with the relevant environmental laws and regulations.

During the year ended 31 December 2022, the Company was compliant with the "comply or explain" provision set out in Part C of the ESG Reporting Guide set out in Appendix 20 to the Listing Rules.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of the independent non-executive Directors in writing an annual confirmation of his/her independence pursuant to Rule 5.09 of the GEM Listing Rules and the Company considers all the independent non-executive Directors to be independent.

CHANGE OF DIRECTORS

Appointment and Resignation of Directors

Ms. Tan Meng Choon has resigned as an independent non-executive Director with effect from 30 June 2022.

Ms. Yi Jing has been appointed as an independent non-executive Director with effect from 30 June 2022.

INDEPENDENT AUDITOR

BDO Limited has resigned as the auditor of the Company with effect from 24 November 2022. The Board has resolved to appoint HLB Hodgson Impey Cheng Limited ("**HLB**") as the new auditor of the Company with effect from 24 November 2022 to fill the casual vacancy following the resignation of BDO Limited. HLB shall hold office until the conclusion of the next annual general meeting pursuant to the Articles of Association. A resolution to re-appoint HLB as the auditor of the Company will be proposed for approval by the Shareholders at the forthcoming annual general meeting.

Directors' Report

EVENT AFTER REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2022 and up to the date of this annual report.

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

Hong Kong, 27 March 2023

Environmental, Social and Governance Report

INTRODUCTION

Optima Automobile Group Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**") is a one-stop aftermarket automotive service provider in Singapore that offers comprehensive and integrated automotive related solutions to customers. The principal activity of the Company is investment holding. The Group is principally engaged in (i) the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services; (ii) offering short-term and long-term car rental services; (iii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in the People's Republic of China (the "**PRC**"); and (iv) sale of hardware and equipment, data collection and provision of management platform service relating to education business. For the purpose of this Environmental, Social and Governance Report (the "**ESG Report**"), the PRC excludes the Hong Kong Special Administrative Region ("**Hong Kong**"), the Macau Special Administrative Region of the PRC and Taiwan.

This ESG Report discloses the environmental, social and governance ("**ESG**") initiatives, plans and performances of the Group for the financial year ended 31 December 2022 ("**FY2022**") and demonstrates the Group's ongoing commitment towards sustainable development.

The ESG Governance Structure

The Group has developed a core governance framework to ensure the alignment of ESG governance with the Group's strategic growth, while advocating ESG integration into its business operations. The structure of the Group's corporate social responsibility is divided into three components, namely the board of Directors (the "**Board**"), the audit committee of the Company (the "**Audit Committee**") and the ESG working group (the "**ESG Working Group**").

The Board holds the overall responsibility for the Group's ESG issues as well as ensuring the effectiveness of the Group's risk management and the internal control systems. In particular, the Board is accountable for setting forth ESG management approaches, strategies, policies, and objectives, prioritising ESG issues, reviewing the Group's performance periodically against ESG-related goals and targets, and approving disclosures in the Group's ESG reports with the assistance of the ESG Working Group from various departments. The Board discusses the Group's ESG issues at least annually.

The Audit Committee assists the Board with fulfilling its responsibility of overseeing the Group's ESG issues and ensuring the effectiveness of the Group's risk management and internal control system. The Audit Committee reviews the Group's internal control and risk management system, which include, amongst others, material risks relating to ESG. The Audit Committee monitors the Group's ESG performance regularly, which includes the adequacy of resources, staff qualifications and experience, relevant training programmes as well as other related important matters. The Audit Committee reports to the Board at least annually the progress of its work and the Group's ESG performance and suggests if any action and improvement has to be taken.

Meanwhile, the ESG Working Group is responsible, for assisting the Audit Committee's management on ESG matters. The ESG Working Group has the responsibility for collecting and analysing ESG data, monitoring and evaluating the Group's ESG performance, keeping track of and reviewing the progress made against the Group's ESG-related targets, ensuring compliance with ESG-related laws and regulations, assisting in conducting materiality assessment and preparing ESG reports. The ESG Working Group arranges meetings regularly to evaluate the effectiveness of current policies and procedures, and formulates appropriate solutions to improve the overall performance of ESG policies. In addition, the ESG Working Group reports to the Audit Committee at least annually, assists in assessing and identifying the Group's ESG risks and opportunities, ensuring the implementation and effectiveness of the risk management and internal control systems.

Environmental, Social and Governance Report

CHAIRMAN'S STATEMENT

Dear Shareholders,

On behalf of the Board of the Group, I am pleased to present the ESG Report of Optima Automobile Group Holdings Limited for FY2022, which provides an annual update on the sustainability performance of the Group.

At the heart of the Group's corporate strategy is its objective to enhance long-term, sustainable value for all its stakeholders. The Group is committed to building a robust governance structure that is both rigorous and conscientious, capable of adapting to an ever-changing operating environment to ensure a strong compliance culture. In order to achieve this objective, the Group has adopted an effective sustainability governance structure where the Board bears the ultimate responsibility for the Group's sustainability strategy, management, performance and reporting. With the aim to strengthen the sustainability governance practices, the Group has also established an ESG Working Group to assist in identifying and assessing the Group's ESG risks, and evaluates the implementation and effectiveness of the Group's internal control system.

Climate change is a great challenge that requires a global coalition to resolve. As a responsible corporate citizen, the Group has set the group-wide Climate Change Policy to provide a systematic process for the Group to proactively identify, assess and manage climate-related issues. Continuously align the aforementioned Climate Change Policy into the Group's business to manage climate-related issues and risks, the Group will continue to accord a high priority to climate change on its business agenda and integrate climate-related risk into its risk management framework.

Enhancing the Group's environmental performance remains the key focus of its sustainability efforts. The Group's priority areas include climate action and energy saving, along with managing its resources and waste efficiently and effectively. Recognising the urgent need for decisive action to mitigate climate change, the Group has set targets to reduce greenhouse gases ("**GHG**") emissions, electricity usage, water consumption and waste disposal. The environmental targets were approved by the Board and the progress will be reviewed by the ESG Working Group annually. The Group believes setting ESG-related targets can enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to better understand the ESG performance of the Group.

In closing, the Group would like to express its heartfelt gratitude to all its shareholders, valued customers and business partners for their unwavering efforts and commitment towards attaining the continuing success and growth of the Group. To the Group's management team and staff, the Group sincerely thank you for your unwavering dedication and hard work in working towards sustainable development throughout the year.

Mr. Hu Wu'an
Chairman

Hong Kong, 27 March 2023

Environmental, Social and Governance Report

REPORTING SCOPE

The Group's management discusses and identifies the reporting scope based on the materiality principle and considers the core business and main revenue source. For FY2022, as the education business has started making revenue, the reporting scope of this ESG Report has been adjusted accordingly. The ESG Report covers the Group's operation in Singapore and PRC, which includes repair, maintenance (including installation of parts of accessories) and spray painting of motor vehicles in Singapore, trading of motor vehicles in the PRC, and the education business in PRC.

REPORTING FRAMEWORK

The ESG Report has been prepared in accordance with the Environmental, Social and Governance Reporting Guide (the "**ESG Reporting Guide**") as set out in Appendix 20 of the Rules Governing the Listing of Securities on GEM (the "**GEM Listing Rules**") of Stock Exchange of the Hong Kong Limited ("**the Stock Exchange**").

Information relating to the Group's corporate governance structure and practices has been set out in the Corporate Governance Report of the annual report of the Company for FY2022.

The Group attaches great importance to materiality, quantitative, balance, and consistency during the preparation for this ESG Report, the Group has applied these reporting principles in the aforementioned ESG Reporting Guide as the following:

Materiality: Materiality assessment was conducted to identify material issues during FY2022, thereby adopting the confirmed material issues as the focus for the preparation of this ESG Report. The materiality of issues was reviewed and confirmed by the Board and the ESG Working Group. Please refer to the sections headed "Stakeholder Engagement" and "Materiality Assessment" for further details.

Quantitative: The standards and methodologies used in the calculation of relevant data in the ESG Report, as well as the applicable assumptions were disclosed. The key performance indicators ("**KPIs**") were supplemented by explanatory notes to establish benchmarks where feasible.

Consistency: The statistical methodologies applied to this ESG Report were substantially consistent with the financial year ended 31 December 2021 ("**FY2021**"), and explanations were provided regarding data with changes in the scope of disclosure and calculation methodologies. If there are any changes that may affect comparison with previous reports, the Group will add comments to the corresponding content of this ESG Report.

The Group has established internal controls and a formal review process to ensure that any information presented in this ESG Report is as accurate and reliable as possible. This ESG Report has been approved by the Board.

REPORTING PERIOD

This ESG Report specifies the ESG activities, challenges and measures taken by the Group during FY2022.

REPORT FORM

The ESG Report is issued in print version in the Annual Report FY2022.

STAKEHOLDER ENGAGEMENT

In order to further the Group's sustainable development efforts, the Group regularly engages its key stakeholders to identify sustainability issues and potential risks. Key stakeholders include but are not limited to, shareholders and investors, employees, customers, suppliers, media and the public, banks and other financial institutions, and government and other regulatory authorities.

Stakeholders' expectations have been taken into consideration by utilising diversified engagement methods and communication channels as shown below:

Stakeholders	Communication Channels	Expectations
Shareholders and investors	• General meeting and other shareholder meetings • Financial reports • Announcements and circulars • Company website	• Sustain profitability • Corporate governance • Business ethics or legal compliance • Maintain shareholder return
Employees	• Training activities, seminars, and briefing • Email and suggestion boxes • Regular general meetings	• Remuneration and benefits • Ensure safe working environment • Career development
Customers	• Customer service hotline and email • Visits to service centres and paint workshop	• Increase customer satisfaction • Fast turnaround time • High-quality services
Suppliers	• Site visits • Business meetings and discussion	• Fair and open procurement • Ensure on-time payment • Maintain sustainable relationship
Media and the public	• ESG reports • News entries on company website • Reports and announcements	• Increase transparency of ESG issues and financial disclosure • Legal compliance • Corporate governance
Banks and other financial institutions	• Post loan-tracking • Reports and announcements • On-site visits	• Service and repay loans on time • Operate in an honest and credible manner • Legal compliance
Government and other regulatory authorities	• Written or electronic correspondences • Visits and inspections	• Legal compliance • Stability in business operations

Environmental, Social and Governance Report

The Group endeavours to actively listen to and collaborate with its stakeholders to ensure that their opinions can be voiced out through an effective communication channel. In the long run, the stakeholders' contribution will aid the Group in improving potentially overlooked ESG performances and maintaining the success of the Group's business in the challenging market.

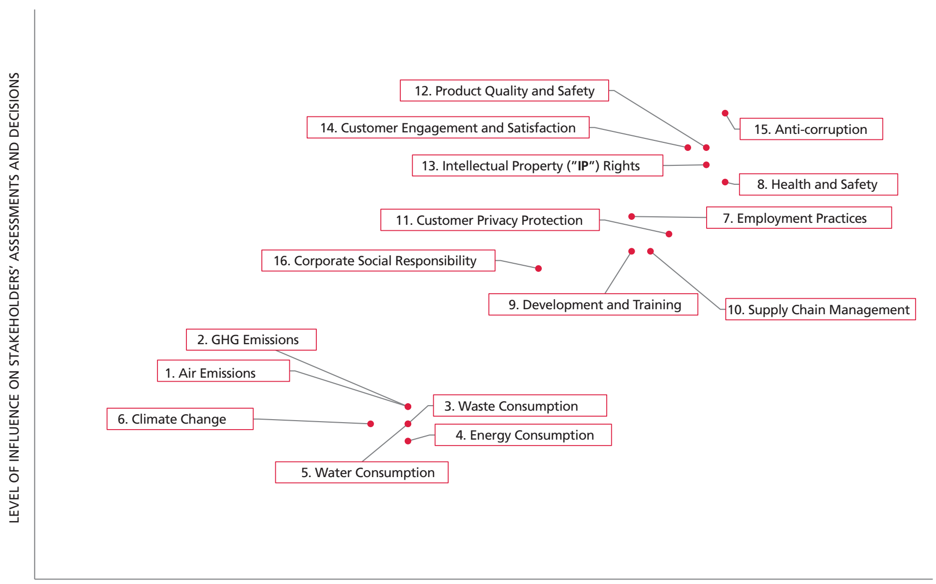
MATERIALITY ASSESSMENT

Materiality assessment is the process of identifying, refining, and assessing ESG issues that could affect the Group's business and its stakeholders. The results of materiality assessment are used to formulate strategy, set targets and determine the focus of ESG report. Materiality assessment enables the Group to analyse business risks and opportunities, supporting the sustainable development of its business.

With the assistance of the Group's management and the ESG Working Group, the Group identified the list of material ESG issues for the Group, based on its business, the ESG Reporting Guide, and analysis of industry peers. To prioritise the identified material ESG issues, the Group conducted a materiality assessment survey during FY2022. Different stakeholders including but not limited to employees, management and customers were invited to access the importance of the identified material ESG issues to the Group's business and its stakeholders. Based on the results of survey, the Group compiled the materiality matrix. The results of the materiality assessment were reviewed and confirmed by the Group's management and the ESG Working Group, and then approved by the Board.

The result, which reflects the relative importance of different material ESG issues is shown below:

Materiality Matrix



CONTACT US

The Group welcomes stakeholders to provide their opinions and suggestions. You can provide valuable advice in respect of this ESG Report or the Group's performances in sustainable development by emailing to: feedback@ow.sg.

Environmental, Social and Governance Report

A. ENVIRONMENTAL

Environmental Target

To enhance the Group's commitment to corporate social responsibility and allow the Group's stakeholders to better understand the ESG performance of the Group, the Group has implemented different ESG-related targets and monitors and reviews those targets regularly.

The following table is the summary of the Group's environmental targets:

Aspects	Environmental targets	Progress/review
GHG emission	Reduce GHG emission intensity (tCO_2e/million revenue (SGD)) by the financial year ended 31 December 2025 ("**FY2025**"), using the financial year ended 31 December 2020 ("**FY2020**") as the baseline year (FY2020: 23.27 tCO_2e/million revenue (SGD)).	Status: In-progress
Non-hazardous waste	Reduce the total non-hazardous waste intensity (tonnes/million revenue (SGD)) by FY2025, using FY2020 as the baseline year (FY2020: 0.72 tonnes/million revenue (SGD)).	Status: In-progress
Energy efficiency	Reduce the total energy consumption intensity (kWh/million revenue (SGD)) by FY2025, using FY2020 as the baseline year (FY2020: 20,361.28 kwh/million revenue (SGD)).	Status: In-progress
Water Consumption	Reduce the total water consumption intensity (m^3/million revenue (SGD)) by FY2025, using FY2020 as the baseline year (FY2020: 137.09 m^3/million revenue (SGD)).	Status: In-progress

A1. Emissions

Environmental protection and sustainable development rely on concerted and continuous efforts from all industries and society. In addition to complying with all applicable laws and regulations, the Group is committed to minimising any adverse impacts on the environment by incorporating environment-friendly practices in its daily operations. The Group endeavours to expand its business without exploiting the environment. To guide the mitigation of the environmental impact of the Group's operations, the Group has set the Emission Policy. The principle of the policy is to minimise waste and increase recycling, monitor and reduce the Group's carbon footprint and incorporate environmental protection into the Group's business decisions and daily operations.

During FY2022, the Group was not aware of any material non-compliance with laws and regulations relating to air and GHG emissions, discharges into water and land, and generation of hazardous and non-hazardous waste that would have a significant impact on the Group including, but not limited to, the Environmental Public Health Act, the Environmental Public Health (Toxic Industrial Waste) Regulations 1988 of Singapore, the Sewerage and Drainage (Trade Effluent) Regulations and the Environmental Protection and Management Act of Singapore, the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on the Prevention and Control of Atmospheric Pollution, the Water Pollution Prevention and Control Law of the People's Republic of China and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Waste.

Air Emissions

Due to the Group's business nature, an insignificant amount of air emissions was generated by the use of company vehicles. Fuel usage by the Group's customers under the provision of car rental services was not included as the Group did not have direct operational control of such usage; most of the fuel cost arising from such usage was also not borne by the Group. Measures on controlling air emissions will be mentioned in the section headed "GHG Emissions".

GHG Emissions

The principal GHG emissions of the Group were generated from refrigerants, petrol and diesel consumed by vehicles and diesel consumed by the spray paint oven (Scope 1), purchased electricity (Scope 2), and paper waste disposal and business air travel (Scope 3). To achieve the target on GHG emissions, the Group has adopted the following GHG reduction measures mentioned as below:

Scope 1 – Direct GHG Emissions

The Group has adopted the following measures to mitigate direct GHG emissions from petrol and diesel consumed by company vehicles and diesel consumed by the spray paint oven in its operations:

- Plan routes ahead of time to avoid route repetition and optimise fuel consumption;
- Service company vehicles regularly to ensure optimal engine performance and fuel use;
- Regularly inspect air-conditioning equipment to prevent breakdown and leakage of refrigerant; and
- Switch off the engine and the spray paint oven when not in use.

Scope 2 – Energy Indirect GHG Emissions

Electricity consumption accounted for the largest percentage of GHG emissions within the Group. The Group has implemented measures to reduce energy consumption; said measures will be mentioned in the section headed “Energy Consumption”.

Scope 3 – Other Indirect GHG Emissions

Office paper waste disposal and business air travel attributed to the category of other indirect GHG emissions. Realising that air travels generate a large amount of GHG emissions, the Group limits air travel to essential business trips and encourages the use of virtual meetings. Tele-conferences and web conferences are the Group’s preferred communication channels. Measures implemented to reduce paper waste disposal can be found in the section headed “Waste Management”.

During FY2022, the Group’s total GHG emissions intensity decreased by approximately 28% compared to FY2021. This was mainly due to the increase in the revenue of the Group used for computing the intensity.

Summary of GHG emissions performance:

Indicator[1]	**Unit**	**FY2022**	FY2021
Scope 1 – Direct GHG Emissions • Petrol and diesel consumption • Refrigerant	tCO_2e[2]	**507.37**	498.39[4]
Scope 2 – Energy Indirect GHG Emissions • Purchased electricity	tCO_2e	**125.13**	116.64
Scope 3 – Other Indirect GHG Emissions • Paper waste disposal • Business air travel	tCO_2e	**3.01**	4.07
Total GHG emissions	**tCO_2e**	**635.51**	619.10[4]
Intensity[3]	**tCO_2e/million revenue (SGD)**	**7.79**	10.84[4]

Note(s):

1. GHG emissions data is presented in terms of carbon dioxide equivalent and is based on, but not limited to, "The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards" issued by the World Resources Institute and the World Business Council for Sustainable Development, "How to prepare an ESG report – Appendix 2: Reporting Guidance on Environmental KPIs" issued by the Stock Exchange, the "Global Warming Potential Values" from the IPCC Fifth Assessment Report, 2014 (AR5), the 2019 Emission Reduction Project China Regional Grid Baseline Emissions Factor (《2019年度減排項目中國區域電網基準線排放因子》), and the 2021 Electricity Grid Emission Factors and Upstream Fugitive Methane Emission Factor issued by the Energy Market Authority of Singapore.

2. tCO_2e is defined as tonnes of carbon dioxide equivalent.

3. For FY2022, the Group recorded a revenue of approximately S$81.6 million (FY2021: S$57.1 million). This data is used for calculating other intensity data.

4. Data is restated.

Sewage Discharges into Water and Land

The Group holds a valid Written Approval ("**WA**") to discharge trade effluent into the public sewer and ensures that the effluent complies with the requirements prescribed in the same WA. The Group did not consider the amount of sewage discharge into water to be material. Due to the Group's business nature, the Group considers the sewage discharge into land is insignificant.

Waste Management

Hazardous Waste Management

A material amount of hazardous waste were generated by the Group. The major hazardous waste produced in the Group's operations were spent motor oils and waste lead-acid batteries. The Group remains vigilant to the management of proper hazardous waste disposal and ensures that the disposal process complies with statutory requirements. Guidelines on the handling and storage of toxic industrial waste disposal have also been formulated to illustrate the procedures of dealing with hazardous waste to reduce the risk of exposure to harmful substances.

The Group has engaged a licenced toxic industrial waste collector to lawfully manage and dispose of the Group's spent motor oils. Spent motor oils are temporarily stored in oil drums or oil receptors until they are collected by the said licenced collector. As for waste lead-acid batteries, a vendor would arrive at the Group's premise to collect and lawfully dispose of the said used car batteries. Approximately all of the hazardous waste generated by the Group were lawfully disposed by contracted third parties.

During FY2022, the total hazardous waste disposal intensity decreased by approximately 41% compared to FY2021. This was mainly due to the increase in the revenue of the Group used for computing the intensity.

Summary of major hazardous waste disposal performance:

Types of hazardous waste	**Unit**	**FY2022**	FY2021
Spent motor oil	Tonnes	**61.20**	67.75
Waste lead-acid batteries	Tonnes	**18.11**	25.79
Total hazardous waste generated	**Tonnes**	**79.31**	93.54
Total hazardous waste handled by waste collector	**Tonnes**	**79.31**	93.54
Intensity	**Tonnes/million revenue (SGD)**	**0.97**	1.64

Non-hazardous Waste Management

Non-hazardous wastes generated were mainly scrap metal, scrap tyres and office paper. Approximately all of such tyres and metal were collected and disposed of by contracted third parties. The Group did not note a material amount of waste produced.

The Group places great effort in raising the awareness of its employees on the importance of reducing waste production. In order to minimise the environmental impacts and achieve the set target on reducing non-hazardous waste, the Group has adopted the following environmentally friendly initiatives to enhance its environmental performance:

- Repurpose and upcycle scrap tyres and metal where possible;
- Reduce the use of single-use disposable items;
- Recycle electronic equipment after their life cycle;
- Reuse single-sided waste paper where possible;
- Print electronic correspondences only when necessary; and
- Procure office paper with Forest Stewardship Council Recycled Label.

During FY2022, the intensity of total non-hazardous waste generated decreased by approximately 29% compared to FY2021. This was mainly due to the increase in the revenue of the Group used for computing the intensity.

Summary of other non-hazardous waste disposal performance:

Types of non-hazardous waste	**Unit**	**FY2022**	FY2021
Office paper	Tonnes	**0.63**	0.62
Scrap metal	Tonnes	**12.88**	13.08
Total non-hazardous waste generated	**Tonnes**	**13.51**	13.70
Intensity	**Tonnes/million revenue (SGD)**	**0.17**	0.24

A2. Use of Resources

The Group takes the initiative to introduce environment-friendly measures to reduce the environmental impact arising from its business operations. The Group has implemented policies to better govern the use of resources, minimise use and maximise reuse of resources including water and energy consumption.

Energy Consumption

The Group actively strives to promote energy conservation in its business operations. Anomaly in electricity consumption will be investigated and preventive measures will be taken. In order to achieve the set target on improving energy efficiency, the Group has adopted the following energy-saving measures:

- Post eye-catching reminders near lights switches and electrical appliances as a reminder to employees;
- Switch off all idle appliances and unnecessary lightings upon leaving the service centres; and
- Purchase equipment with higher energy efficiency on the replacement of old equipment.

During FY2022, the total energy consumption intensity decreased by approximately 25% compared to FY2021. This was mainly due to the increase in the revenue of the Group used for computing the intensity.

Summary of energy consumption performance:

Types of energy	**Unit**	**FY2022**	FY2021
Direct energy consumption	kWh	**436,068.53**	403,439.59
• Petrol	kWh	**356,744.29**	325,539.52
• Diesel	kWh	**79,324.24**	77,900.07
Indirect energy consumption	kWh	**290,611.08**	271,852.53
• Electricity	kWh	**290,611.08**	271,852.53
Total energy consumption	**kWh**	**726,679.61**	675,292.12
Intensity	**kWh/million revenue (SGD)**	**8,905.39**	11,826.48

Water Consumption

Water was mainly consumed to clean vehicles that were brought in to be serviced at the Group's service centres. The Group actively promotes the importance of water conservation to its employees. In order to achieve the target on reducing water consumption, the Group posted eye-catching reminders around the washrooms, service centres and the paint workshop, the Group also regularly inspects water taps to prevent leakages.

During FY2022, the total water consumption intensity decreased by approximately 5% compared to FY2021. This was mainly due to the increase in the revenue of the Group used for computing the intensity.

Summary of water consumption performance:

Indicator	**Unit**	**FY2022**	FY2021
Total water consumption	**m^3**	**4,736.62**	3,478.12
Intensity	**m^3/million revenue (SGD)**	**58.05**	60.91

Due to the Group's geographical location and business nature, the Group did not encounter any problem in sourcing water that is fit for purpose.

Use of Packaging Material

Due to the Group's business nature, the use of packaging material was not considered to be a material ESG issue to the Group.

A3. The Environment and Natural Resources

The Group realises its responsibility to minimise any negative environmental impacts in its business operations. The Group is aware of its existing and potential impacts and therefore set the Environmental and Natural Resources Policy which aims to govern its environmental management practices. The ESG Working Group is responsible to identify and assess significant risks and opportunities regarding environmental and climate change impacts arising from the Group's business operations. The Group also regularly assesses the environmental risks in its business model. Where necessary, the Group implements preventive measures to ensure compliance with relevant laws and regulations.

Air Emissions in Spray Painting Activity

The Group understands that the spray-painting activity might cause odour nuisance to the neighbourhood. The Group applied for and was granted the permission by both the Housing and Development Board and National Environment Agency of Singapore to operate the spray painting activity at the Group's designated spray painting workshop. The said workshop has a mechanical ventilation system that extracts spray paint fumes and ensures adequate ventilation in the spray paint oven. Filters are also used in the oven and are replaced at least once annually, depending on the actual usage.

A4. Climate Change

The Group recognises the importance of the identification and mitigation of significant climate-related issues, therefore, the Group is committed to managing the potential climate-related risks which may impact the Group's business activities. The Group has performed enterprise risk management assessment in identifying and mitigating different risks including climate-related risks. The Board meets annually and co-operates closely with key management to identify and evaluates climate-related risks and to formulate strategies to manage the identified risks.

Through the above method, the Group has identified the material impacts on the Group's business arising from the following risks:

Climate-related Issues

Physical Risks

The increased frequency and severity of extreme weather such as typhoons, storms and heavy rains can disrupt the Group's operations by damaging the power grid, and communication infrastructures, hindering and injuring its employees during their work, which could result in temporary, permanent, partial or complete shut-down of the Group's business operations, exposing the Group to risks associated with non-performance and delayed performance. In response, the Group evaluates the possible extreme weather events that may suspend the business operations, and formulates crisis response plans to reduce negative impacts brought to the Group by such extreme weather events. Such measures would minimise the potential impact of extreme weather events on the Group's business.

Transition Risks

The Group anticipates that there will be more stringent climate legislations and regulations to support the global vision of carbon neutrality. From a listed company's perspective, the Group acknowledge the increasing requirements for climate-related information disclosures. One example is the recent update of the Stock Exchange's ESG Reporting Guide in respect to significant climate-related impact disclosures of an issuer. Stricter environmental laws and regulations may expose the Group to higher risks of claims and lawsuits. The Group's reputation may also decline due to failure to meet the compliance requirements for climate change. The Group's related capital investment and compliance costs thus increase. In response to the policy and legal risks as well as the reputation risks, the Group regularly monitors existing and emerging trends, policies and regulations relevant to climate and be prepared to alert the top management where necessary to avoid cost increments, non-compliance fines and/or reputational risks due to delayed response.

B. SOCIAL

B1. Employment

Human resources are the cornerstone of the Group. The Group recognises that its continued success is dependent on employees' talents and their dedication. Employment policies are formally documented in the Group's Employee Handbook, covering areas about recruitment, compensations, remuneration, diversity and equal opportunities, etc. The Group periodically reviews existing policies and employment practices to ensure continuous improvement of its employment standards and competitiveness against service providers within the same industry. As at 31 December 2022, the Group had a total of 132 employees.

As at the end of the financial year, the breakdown of employees according to gender, age group, employment type and geographical region are as follows:

	FY2022	FY2021
Gender		
Male	**98**	94
Female	**34**	27
Age Group		
Under 30 Years Old	**42**	31
30 to 50 Years Old	**71**	66
Over 50 Years Old	**19**	24
Employment type		
Full-time	**126**	115
Part-time	**6**	6
Geographical Region		
Singapore	**100**	100
The PRC	**32**	21

During FY2022, the Group's overall turnover rate[5] was approximately 30.30% (FY2021: 39.67%). The employee turnover rate by gender, age group and geographical region is as follows:

	FY2022	FY2021
Gender[6]		
Male	**15.31%**	39.36%
Female	**73.53%**	40.74%
Age Group[6]		
Under 30 Years Old	**19.05%**	41.94%
30 to 50 Years Old	**38.03%**	40.91%
Over 50 Years Old	**26.32%**	33.33%
Geographical Region[6]		
Singapore	**31.00%**	40.00%
The PRC	**28.13%**	38.10%

Note(s):

5. Employee turnover rate = total number of employees left during the financial year/total number of employees at the end of financial year*100%.

6. Employee turnover rate = total number of employees left during the financial year by category/total number of employees at the end of financial year by category*100%.

During FY2022, the Group was not aware of any material non-compliance with employment-related laws and regulations that would have a significant impact on the Group, including, but not limited to, the Employment Act, Employment of Foreign Manpower Act of Singapore, and the Labour Law, the Labour Contract Law of the People's Republic of China.

Recruitment, Diversity and Equal Opportunities

Sustainable growth of the Group relies on the diversity of talents and non-discriminatory recruitment process. The Group's employees are recruited via a robust, transparent and fair recruitment process based solely on their experience and expertise and without regard to their age, ethnicity, origin, gender identity, marital status, sexual orientation and religion.

The Group believes that all employees should have the right to work in an environment free of discrimination, harassment, and vilification. Therefore, the Group is committed to creating and maintaining an inclusive and harmonious workplace culture. In addition, the Group emphatically states its zero-tolerance stance on any aforementioned behaviours in the workplace of any form.

Benefits and Welfare

The Group understands that good benefits and welfare encourage retention and foster a sense of belonging. The Group offers attractive remuneration packages, including discretionary bonuses and allowances. In addition to leave entitlement stipulated in the Employment Act of Singapore, the Group also provides its employees with relevant social insurance under the Labour Law of the People's Republic of China, to ensure that employees enjoy social insurance benefits.

The Group is flexible in granting leave to cater the needs of its employees, such as marriage leave, compassionate leave, etc. Save for the aforementioned arrangements, the employees are also entitled to benefits such as outpatient medical benefits.

Promotion and Performance Appraisal

The Group assesses the performance of the employees on an annual basis, the results of which are used for their annual salary review and performance appraisal. The Group also gives preference to internal promotion in order to provide incentive to employees for their consistent and continuous effort.

Working Hours and Rest Periods

Official working hours and rest periods are clearly stated in the Group Employee Handbook and are in accordance with the local employment laws. Unless otherwise specified, employees are eligible for overtime payment.

Compensation and Dismissal

The Group compensates employees through the provision of Workmen's Injury Compensation Insurance Policy under the Workmen's Injury Compensation Act of Singapore and the Labour Insurance Act of the People's Republic of China, which covers employees who sustain personal injury by accident or disease arising out of the course of employment. Unreasonable dismissal under any circumstances is strictly prohibited, Dismissal will be based on reasonable and lawful grounds supported by internal policies of the Group.

B2. Health and Safety

Occupational Health and Safety Management

The Group places a high priority on providing employees with a safe and healthy working environment. The Group has formulated relevant policy in its operation to maintain a safe and healthy working environment.

The Group places great importance on ensuring that its employees receive adequate and appropriate training to safeguard workplace safety procedures. Therefore, the Group holds induction safety training for its employees and encourages them to undergo continuous safety training. To further ensure that workplace accidents and common emergency situations can be tended to as soon as possible, the Group provided external first aid and automated external defibrillator ("**AED**") training sessions to its employees. Some of the Group's employees are valid Singapore Red Cross Society first aid and AED providers.

To protect the employees' health and safety effectively, the Group reviews the measure regularly.

Response to COVID-19 Pandemic

The Group remains vigilant to the potential impact of health and safety on both its employees and customers. The Group has taken precautionary measures at its offices, service centres and paint workshop to avoid the spread of COVID-19. Precautionary measures include, but are not limited to, conducting additional sanitisation procedures, requiring customers and employees to wear face masks before entering the Group's premises and providing flexible work arrangements to employees.

During FY2022, the Group was not aware of any material non-compliance with health and safety-related laws and regulations that would have a significant impact on the Group, including, but not limited to, the Workplace Safety and Health Act of Singapore, the Workplace Safety and Health (General Provisions) Regulations of Singapore, the Work Injury Compensation Act of Singapore, and the Labour Law, the Law on the Development and Training Prevention and Control of Occupational Diseases, and the Fire Services Law of the People's Republic of China. There were no work-related fatalities that occurred in each of the past three years including FY2022 and there were 34 lost days due to 2 work injury cases during FY2022 (FY2021: Nil), Both work injury cases are minor accidents in the workshop.

B3. Development and Training

Training and continuous development are indispensable to the Group's employees to keep abreast of the ever-changing trend of the industry and also to satisfy its customers' evolving needs. The Group holds firm belief that the provision of training opportunities and continuous development to its employees provides the Group with a solid foundation for its continuing success.

The Group arranges its management, service advisors and technicians to attend courses and seminars to keep up with the latest developments of the industry. For the provision of aftermarket automotive service, new employees are assigned with a mentor to guide and monitor the quality of work of the new employees for at least three months starting from the commencement of employment. For the Group's customer service advisors, the Group provides them with training on complaint management skills, communication skills and the complaint management procedures. The Group regularly conducts in-house training to allow sharing of technical knowledge and information amongst employees. Employees are also entitled to apply for paid examination leave. During FY2022, the percentage of trained employees of the Group was approximately 5.30% (FY2021: 17.36%)[7], and the average training hours per employee was approximately 26.57 hours (FY2021: 3.14 hours)[8].

Information on employees' training activities are as follows:

Categories	Percentage Trained[9]		Average Training Hours[10]	
	FY2022	FY2021	**FY2022**	FY2021
Gender				
Male	**71.43%**	61.90%	**33.80**	3.85
Female	**28.57%**	38.10%	**8.50**	2.00
Employee Category				
Executive Director	**14.29%**	14.29%	**16.00**	11.00
Senior Management	**–**	9.52%	**–**	1.50
Management	**–**	4.76%	**–**	2.00
Other Employees	**85.71%**	71.43%	**28.33**	1.87

Notes:

7. Total Percentage of Employees Trained = total number of employees trained during the financial year/total number of employees at the end of the financial year*100%.

8. Average Training Hours per Employee = total training hours during the financial year/Total number of trained employees at the end of the financial year.

9. Percentage Trained = total trained employees by category during the financial year/total trained employees during the financial year*100%.

10. Average Training Hours = total training hours by category during the financial year/total trained employees by category during the financial year.

B4. Labour Standards

Prevention of Child and Forced Labour

To prevent child labour working in the Group, all employees recruited by the Group are above the minimum working age of respective jurisdictions. The Human Resources Department ensures that their identity documents are carefully checked to verify the personal data submitted during the process. If child labour is discovered, corrective actions will be taken immediately to rectify the situation, by terminating the employment contract of such labours and reporting to the relevant governmental authorities.

The Group guarantees that no employee will be forced to work against his/her will or be coerced to work. To prevent non-compliance with labour standards of respective jurisdictions, overtime working is on a voluntary basis, which provides an effective protection of their interests. The official working hours and the policies related to overtime work are clearly stated in the Group's Employee Handbook. If forced labour is discovered, corrective actions will be taken immediately to rectify the situation, by dismissing the relevant labours and reporting to the relevant governmental authorities.

During FY2022, the Group was not aware of any material non-compliance with child and forced labour-related laws and regulations that would have a significant impact on the Group, including, but not limited to, the Employment Act of Singapore, and the Labour Law of the People's Republic of China.

B5. Supply Chain Management

The Group mainly procures spare parts, accessories and consumables which are required for rendering the Group's after-market automotive services in Singapore and motor vehicles for its automotive supply in the PRC. The Procurement and Payment Policy has been implemented to govern the procurement process. The Group takes into account suppliers' track record, prevailing market price and delivery time. At the same time, the purchases are of supplies is determined and adjusted by the current inventories, expected customer demands and projected sales trends. All major suppliers are subject to the selection practices set out in the said policy.

Where possible, the Group strives not to over-rely on a particular supplier by maintaining more than one supplier for each type of goods or services provided in order to ensure the stability of the supply chain. The Group is keen on supporting local economies; the list of approved major suppliers of the Group is mainly located in Singapore and the PRC.

The Group periodically evaluates and monitors the performance of its suppliers to ensure their compliance with quality and service standards. Should services provided by a supplier fall below the agreed standard, the cooperation may be terminated. Besides, the Group performs close monitoring of the suppliers' or subcontractors' business practices. Any observations of non-compliance will be reported immediately to the management. Corrective action plan will be carried out from the supplier evaluation process to remediate the identified risks. The policy engaging suppliers is reviewed by the Group regularly to ensure its effectiveness.

To reduce the Group's social and environmental risk along the supply chain, the Group adopted the Sustainable Procurement Policy. The policy listed the supplier code of conduct. The Group expected its business partners and suppliers to act in accordance with the highest standards of ethical conduct and professionalism, which includes protecting the rights of employees and being responsible to the environment. The suppliers should periodically assess their sustainability standards and practice and make improvements. They may be asked to communicate their performance to the Group, and if non-conformance is detected, corrective action has to be taken. The Group will regular review the related measures, to ensure its effectiveness.

The Group also acknowledges its responsibility to manage the environmental consequences of its purchasing decisions and promote sound environmental performance and governance practices amongst its business partners and suppliers. The Group has set a policy about green procurement to incorporate the concern for environment into the procurement procedures. The Group encourages all business units and functions to consider any environmental specifications or impacts for products and services procurement whenever applicable and economically viable. For example, the Singapore operation consolidates its paper purchases and ensures that the office paper procured is with Forest Stewardship Council Recycled Label. The related policy is reviewed by the Group regularly to ensure its effectiveness in promoting the environmentally preferable products.

Breakdown of major suppliers by geographical region is as follows:

Region	Number of Major Suppliers FY2022	FY2021
The PRC	**302**	195
Germany	**5**	7
Hong Kong, PRC	**2**	–
Indonesia	**1**	7
Italy	**6**	2
Japan	**2**	1
Malaysia	**8**	2
Singapore	**187**	327
South Korea	**1**	–
Taiwan	**2**	6
Thailand	**1**	–
United Kingdom	**4**	–
United States	**7**	6
Total number of suppliers	**528**	553

B6. Product Responsibility

The Group has an extensive quality assurance process to ensure that the products and services provided are not only in compliance with relevant local laws and regulations but are also of high quality. The Group's directors believe that an effective quality management system would improve the overall service quality as well as increase customer's satisfaction.

During FY2022, the Group was not aware of any non-compliance with laws and regulations concerning health and safety, advertising, labelling and privacy matters relating to products and services and methods of redress that would have a significant impact on the Group, including, but not limited to, Personal Data Protection Act 2012 of Singapore, and the Law on Protection of Consumer Rights (The Consumer Protection (Fair Trading) Act), the Advertising Law (The Singapore Code of Advertising Practice), and the Patent Law of the People's Republic of China. During FY2022, the Group did not receive any major cases of product or service-related complaints, nor was it subjected to any product recalls for safety and health reasons.

Quality Control and Product Warranty

Implementing an effective quality control is fundamental to ensure the quality of the goods and services provided to the customers. To maintain the quality of services provided, the Group's workshop supervisors conduct quality control inspections before the handover of the passenger cars to its customers for after-market automotive services rendered. For car rental services, the car rental executives will ensure that the rental passenger cars are in good condition before the handover of the passenger cars to the customers for car rental services rendered. The Group's assistant inventory manager is responsible for the overall control on quality of the supply of passenger car spare parts, accessories and consumables. Product warranty is also provided to customers whose vehicles have been serviced by the Group.

The Group also supplies intelligence robots and physical training equipment to kindergartens from third-party suppliers to collect physical training data of the students. To protect the safety of the kids, the procured equipment provided to the school is required to meet the national standard and have quality-assurance certifications. The Group will continue dedicating itself to ensuring the quality of the Group's products and equipment, to build customers' and users', including parents' and children's, confidence.

The Service Advisor Standard Operating Procedures ("**SOP**") is also in place to ensure standardisation and quality service of the Service Advisors across different premises of the Group. The comprehensive SOP not only details the duties and responsibilities of the Service Advisors but also provides guidance on advising customers in the event of an accident. For product recall procedures, in order to safeguard the interests of customers to the greatest extent, the Group will corporate with manufacturers in respect of recall procedures with its best endeavours.

Data Privacy Protection

The Group endeavours to safeguard all sensitive information pertaining to its customers. The Group has established the Data Protection Policy, which can be found on the Group's website. The said policy covers topics such as the handling and disclosure of confidential information. A Data Protection Officer is appointed to regularly review existing policies and ensure that the Group's employees have proper knowledge and support with regard to data privacy protection. In addition, the Data Protection Officer receives feedback from the customers; possible communication methods are stated in the Group's website. Moreover, to prevent unauthorised access to the Group's information system, apart from being password protected, different users are also assigned different levels of access rights. Lastly, to further safeguard the customers' personal data privacy and the Group's confidential information, employees of the Group are required to sign the Employee Non-disclosure Agreement to prevent unauthorised usage of customers' personal details. The Group will review the measures to ensure its effectiveness.

Customer Satisfaction

Feedbacks and complaints from the Group's customers are highly valued as it is of vital importance to the continuous development of the Group. The Group's Complaint and Feedback Management Policy states the internal procedures for handling complaints and feedbacks. The Chief Operating Officer is responsible for overall complaint management. Should the Group receive any complaints, the Group will strive to act in a timely manner to resolve the issue with effective remedial actions. In addition, complaints received will be discussed and reviewed by the management during regular meetings to prevent re-occurrence.

Intellectual Property Rights

The Group has obtained registration of the Group's trademarks in several countries, including but not limited to Singapore and Hong Kong, The Group regularly monitors to ensure that IP rights are not being infringed upon.

Advertising and Labelling

Due to the Group's business nature, the Group considers that it has an insignificant amount of business dealing in relation to advertising and labelling matters.

B7. Anti-corruption

Solid corporate governance is the bedrock of the Group's growth and development. The Group emphatically asserts its zero-tolerance stance regarding any behaviours that not only violate Singapore's and the PRC's laws and regulations but also severely damage the business integrity and reputation of the Group.

During FY2022, the Group was not aware of any material non-compliance with the relevant laws and regulations of bribery, extortion, fraud and money laundering that would have a significant impact on the Group, including but not limited to Prevention of Corruption Act of Singapore, and the Company Law (Act), the Tendering and Bidding Law, the Penal Code of Singapore, and the Anti-unfair Competition Law of the People's Republic of China. During FY2022, there was no concluded legal case regarding any forms of fraud brought against the Group or its employees.

Anti-bribery Practices

The Group has included a section in the Group's Employee Handbook in relation to accepting business courtesies and gratuities. The Group understands that it can be difficult to decline gifts under certain circumstances, the employee is allowed to accept the gift on behalf of the Group and is required to declare such courtesies and gratuities to the Administrative Director. Anti-bribery, fraud and corruption in any form or in relation to any parties are all strictly prohibited in the Group. Recognising that anti-corruption training is essential for creating a healthy corporate culture, the Group has provided relevant training to Directors and employees. During FY2022, the Group distributed anti-corruption training materials to directors and employees for their self-study, which allows them to familiarise with their corresponding roles and responsibilities in anti-corruption and business ethics.

Whistle-blowing Mechanism

The Group has incorporated a Whistle-blowing Policy within the Corporate Manual, which aims to provide employees with guidance and reporting procedures to encourage employees to report fraudulent activities. Whistle-blowers may report verbally or in writing to the chief executive officer ("**CEO**") or the chairman of the Audit Committee regarding the suspected misconduct with supporting evidence. Upon making a preliminary analysis, an employee with sufficient seniority and authority will be appointed as the investigating officer to investigate the claim effectively and independently. The Group intends to protect the whistle-blower from common concerns such as confidentiality and potential retaliation or discrimination. Therefore, the employee reporting in good faith under the whistle-blowing mechanism can be assured of the protection against unfair dismissal or victimisation, even if the reports are subsequently proved to be unsubstantiated. To ensure the effectiveness of the mechanism, review is conducted regularly.

Anti-money Laundering and Combating Financing of Terrorism

The Group has an Anti-Money Laundering and Combating Financing of Terrorism Policy to raise awareness of the employees and provide suitable guidance on the reporting procedures should there be any suspected misconduct. The said policy safeguards the interests of the Group against the risk of being used for money laundering and financing of terrorism.

B8. Community Investment

The Group believes in giving back to community where the Group operates through social participation and encourages its staff to participate in charitable activities and other volunteer services. The Group has adopted relevant policy on community engagement to address such commitment, the policy states its directions in engaging its employees in community participation and the selection criteria of suitable recipients.

The Group generally supports specific projects, events or provides manpower volunteering towards charities whose visions and missions that the Group identify with by fundraising, cash donations, gifts in kind or through volunteering.

Due to the COVID-19 pandemic, the Group has temporarily suspended the organisation of voluntary activities and focuses on its business development. However, the Group may start considering its focus area of contribution and organising activities once the COVID-19 pandemic has been eased, to make a better understanding of the needs of the community.

THE ESG REPORTING GUIDE CONTENT INDEX OF THE STOCK EXCHANGE OF HONG KONG LIMITED

Mandatory Disclosure Requirements	Section/Declaration
Governance Structure	The ESG Governance Structure
Reporting Principles	Reporting Framework
Reporting Boundary	Reporting Scope

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A1: Emissions		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to air and greenhouse gas emissions, discharges into water and land, and generation of hazardous and non-hazardous waste.	Emissions
KPI A1.1	The types of emissions and respective emissions data.	Emissions – Air Emissions
KPI A1.2	Direct (Scope 1) and energy indirect (Scope 2) greenhouse gas emissions (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emissions – GHG Emissions
KPI A1.3	Total hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission – Waste Management
KPI A1.4	Total non-hazardous waste produced (in tonnes) and, where appropriate, intensity (e.g. per unit of production volume, per facility).	Emission – Waste Management
KPI A1.5	Description of emissions target(s) set and steps taken to achieve them.	Environmental Target, Emissions – Air Emissions, GHG Emissions
KPI A1.6	Description of how hazardous and non-hazardous wastes are handled, and a description of reduction target(s) set and steps taken to achieve them.	Environmental Target, Emission – Waste Management

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A2: Use of Resources		
General Disclosure	Policies on the efficient use of resources, including energy, water and other raw materials.	Use of Resources
KPI A2.1	Direct and/or indirect energy consumption by type (e.g. electricity, gas or oil) in total (kWh in ’000s) and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Energy Consumption
KPI A2.2	Water consumption in total and intensity (e.g. per unit of production volume, per facility).	Use of Resources – Water Consumption
KPI A2.3	Description of energy use efficiency target(s) set and steps taken to achieve them.	Environmental Target, Use of Resources – Energy Consumption
KPI A2.4	Description of whether there is any issue in sourcing water that is fit for purpose, water efficiency target(s) set and steps taken to achieve them.	Environmental Target, Use of Resources – Water Consumption
KPI A2.5	Total packaging material used for finished products (in tonnes) and, if applicable, with reference to per unit produced.	Use of Resources – Use of Packaging Material
Aspect A3: The Environment and Natural Resources		
General Disclosure	Policies on minimising the issuer’s significant impact on the environment and natural resources.	The Environment and Natural Resources
KPI A3.1	Description of the significant impacts of activities on the environment and natural resources and the actions taken to manage them.	Environment and Natural Resources – Air Emissions in Spray Painting Activity

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect A4: Climate Change		
General Disclosure	Policies on identification and mitigation of significant climate-related issues which have impacted, and those which may impact, the issuer.	Climate Change
KPI A4.1	Description of the significant climate-related issues which have impacted, and those which may impact, the issuer, and the actions taken to manage them.	Climate Change – Physical Risks, Transition Risks
Aspect B1: Employment		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to compensation and dismissal, recruitment and promotion, working hours, rest periods, equal opportunity, diversity, antidiscrimination, and other benefits and welfare.	Employment
KPI B1.1	Total workforce by gender, employment type (for example, full-or part-time), age group and geographical region.	Employment
KPI B1.2	Employee turnover rate by gender, age group and geographical region.	Employment
Aspect B2: Health and Safety		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to providing a safe working environment and protecting employees from occupational hazards.	Health and Safety
KPI B2.1	Number and rate of work-related fatalities occurred in each of the past three years including the reporting year.	Health and Safety
KPI B2.2	Lost days due to work injury.	Health and Safety

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B2.3	Description of occupational health and safety measures adopted, and how they are implemented and monitored.	Health and Safety – Occupational Health and Safety Management
Aspect B3: Development and Training		
General Disclosure	Policies on improving employees' knowledge and skills for discharging duties at work. Description of training activities.	Development and Training
KPI B3.1	The percentage of employees trained by gender and employee category (e.g. senior management, middle management).	Development and Training
KPI B3.2	The average training hours completed per employee by gender and employee category.	Development and Training
Aspect B4: Labour Standards		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to preventing child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.1	Description of measures to review employment practices to avoid child and forced labour.	Labour Standards – Prevention of Child and Forced Labour
KPI B4.2	Description of steps taken to eliminate such practices when discovered.	Labour Standards – Prevention of Child and Forced Labour

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
Aspect B5: Supply Chain Management		
General Disclosure	Policies on managing environmental and social risks of the supply chain.	Supply Chain Management
KPI B5.1	Number of suppliers by geographical region.	Supply Chain Management
KPI B5.2	Description of practices relating to engaging suppliers, number of suppliers where the practices are being implemented, how they are implemented and monitored.	Supply Chain Management
KPI B5.3	Description of practices used to identify environmental and social risks along the supply chain, and how they are implemented and monitored.	Supply Chain Management
KPI B5.4	Description of practices used to promote environmentally preferable products and services when selecting suppliers, and how they are implemented and monitored.	Supply Chain Management
Aspect B6: Product Responsibility		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to health and safety, advertising, labelling and privacy matters relating to products and services provided and methods of redress.	Product Responsibility
KPI B6.1	Percentage of total products sold or shipped subject to recalls for safety and health reasons.	Product Responsibility
KPI B6.2	Number of products and service-related complaints received and how they are dealt with.	Product Responsibility
KPI B6.3	Description of practices relating to observing and protecting intellectual property rights.	Product Responsibility – IP Rights
KPI B6.4	Description of quality assurance process and recall procedures.	Product Responsibility – Quality Control and Product Warranty

Subject Areas, Aspects, General Disclosures and KPIs	Description	Section/Declaration
KPI B6.5	Description of consumer data protection and privacy policies, and how they are implemented and monitored.	Product Responsibility – Data Privacy Protection
Aspect B7: Anti-corruption		
General Disclosure	Information on: (a) the policies; and (b) compliance with relevant laws and regulations that have a significant impact on the issuer relating to bribery, extortion, fraud and money laundering.	Anti-corruption
KPI B7.1	Number of concluded legal cases regarding corrupt practices brought against the issuer or its employees during the reporting period and the outcomes of the cases.	Anti-corruption
KPI B7.2	Description of preventive measures and whistle-blowing procedures, how they are implemented and monitored.	Anti-corruption – Whistle-blowing Mechanism
KPI B7.3	Description of anti-corruption training provided to directors and staff.	Anti-corruption – Anti-bribery Practices
Aspect B8: Community Investment		
General Disclosure	Policies on community engagement to understand the needs of the communities where the issuer operates and to ensure its activities take into consideration the communities' interests.	Community Investment
KPI B8.1	Focus areas of contribution (e.g. education, environmental concerns, labour needs, health, culture, sport).	Community Investment
KPI B8.2	Resources contributed (e.g. money or time) to the focus area.	Community Investment

Independent Auditor's Report

國衛會計師事務所有限公司
HODGSON IMPEY CHENG LIMITED

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The Landmark
11 Pedder Street
Central
Hong Kong

TO THE MEMBERS OF OPTIMA AUTOMOBILE GROUP HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Optima Automobile Group Holdings Limited (the "**Company**") and its subsidiaries (collectively referred to as the "**Group**") set out on pages 97 to 167, which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS OF OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("**HKSAs**") issued by the HKICPA. Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are independent of the Group in accordance with the HKICPA's "Code of Ethics for Professional Accountants" (the "**Code**"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

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

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of right-of-use assets and property, plant and equipment	
Refer to Notes 4(d), 4(f), 5(iii), 15(a) and 15(b) to the consolidated financial statements.	
As at 31 December 2022, the Group had right-of-use assets and property, plant and equipment with net carrying amount of SGD7,248,000 and SGD5,747,000 respectively, representing approximately 28% and 22% of the total assets of the Group respectively. We consider the impairment assessment of right-of-use assets and property, plant and equipment a key audit matter because of the significance of right-of-use assets and property, plant and equipment to the Group's consolidated financial position and the assessment involves significant judgment and estimates of the management in calculating the recoverable amount.	Our procedures in relation to the impairment assessment on the right-of-use assets and property, plant and equipment included: • evaluating the appropriateness of management's judgment regarding identification of those items of the right-of-use assets and property, plant and equipment which may be impaired; • evaluating the calculation and relevance of information used to calculate the recoverable amount; • considering the completeness and accuracy of the disclosure in relation to the impairment recognised; and • We also engaged an independent valuation expert to assist us to assess the appropriateness of the calculation for recoverable amount methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness and challenging the assumptions used.

KEY AUDIT MATTERS *(Continued)*

Key audit matter	How our audit addressed the key audit matter
Impairment assessment of trade receivables	
Refer to Notes 4(h)(ii), 5(ii), 20 and 35(a) to the consolidated financial statements.	
As at 31 December 2022, the gross amount of the Group's trade receivables was approximately SGD2,036,000, against which a loss allowance of SGD516,000 was made. The net carrying amount of SGD1,520,000 represented approximately 6% of the total assets of the Group. The Group measures the loss allowance for trade receivables at an amount equals to lifetime expected credit losses ("**ECLs**"). To measure the expected credit loss of trade receivables other than significant balances which are assessed individually, the remaining balances have been grouped based on shared credit risk characteristics. The ECLs on individually insignificant trade receivables are estimated using a provision matrix by reference to past default experience of the debtors with changes in current market condition in which the debtors' operate. The ECLs also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables. We consider the impairment assessment of trade receivables a key audit matter because of the significance of trade receivables to the Group's consolidated financial position and the assessment involves significant judgment and estimates of the receivables at the end of the reporting period.	Our procedures in relation to the impairment assessment on trade receivables included: • obtaining an understanding of the Group's procedures on how the Group estimates the loss allowance for trade receivables; • questioning management's basis and judgment in determining expected credit loss allowances using historical loss rate and forward-looking information; and • evaluating the presentation and disclosure regarding the impairment assessment of trade receivables. • We also engaged an independent valuation expert to assist us to assess the appropriateness of the expected credit loss provisioning methodology, examining the key data inputs on a sample basis to assess their accuracy and completeness, and challenging the assumptions, including both historical and forward-looking information, used to determine the expected credit losses by the management.

OTHER MATTER

The consolidated financial statements of the Group for the year ended 31 December 2021 were audited by another auditor who expressed an unmodified opinion on those statements on 29 April 2022.

OTHER INFORMATION

The directors of the Company are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon.

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

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

The directors are also responsible for overseeing the Group's financial reporting process. The Audit Committee assists the directors in discharging their responsibilities in this regard.

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

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

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

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

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

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

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

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

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

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

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

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

The engagement director on the audit resulting in this independent auditors' report is Lo Kin Kei.

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
Lo Kin Kei
Practising Certificate Number: P06413

Hong Kong, 27 March 2023

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2022

	Notes	2022 SGD'000	2021 SGD'000
Revenue	7	**81,575**	57,144
Other income and gains	8	**727**	426
Change in trading inventories		**(64,173)**	(41,953)
Cost of materials used		**(5,557)**	(4,639)
Marketing and advertising expenses		**(474)**	(424)
Employee benefit expenses		**(6,319)**	(5,415)
Depreciation of property, plant and equipment		**(1,215)**	(460)
Impairment of interest in an associate		**–**	(90)
Depreciation of right-of-use assets		**(2,401)**	(2,539)
Amortisation of intangible assets		**(94)**	(62)
Impairment losses under expected credit loss model on trade receivables, net of reversal		**250**	282
Impairment losses under expected credit loss model on other receivables, net of reversal		**(482)**	(24)
Reversal of impairment of property, plant and equipment		**–**	8
Reversal of impairment of right-of-use assets		**–**	396
Finance costs	10	**(433)**	(413)
Short-term lease expenses		**(61)**	(39)
Other expenses		**(3,425)**	(2,624)
Share of results of a joint venture		**–**	(58)
Share of results of an associate		**153**	37
Loss before income tax expense	9	**(1,929)**	(447)
Income tax credit/(expense)	11	**88**	(212)
Loss for the year		**(1,841)**	(659)
Other comprehensive expense, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(117)**	(436)
Share of other comprehensive expense of an associate		**(314)**	(153)
Other comprehensive expense for the year, net of tax		**(431)**	(589)
Loss and total comprehensive expense for the year		**(2,272)**	(1,248)
Loss attributable to:			
Owners of the Company		**(1,488)**	(426)
Non-controlling interests	29	**(353)**	(233)
		(1,841)	(659)
Total comprehensive expense attributable to:			
Owners of the Company		**(1,883)**	(1,032)
Non-controlling interests	29	**(389)**	(216)
		(2,272)	(1,248)
Loss per share			
– Basic and diluted (SGD cents)	14	**(0.18)**	(0.05)

Consolidated Statement of Financial Position

As at 31 December 2022

	Notes	2022 SGD'000	2021 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15(a)	**5,747**	4,292
Right-of-use assets	15(b)	**7,248**	9,106
Intangible assets	16	**300**	403
Interests in a joint venture	17	**–**	–
Interests in an associate	18	**1,611**	1,827
Deposits	20	**217**	194
Prepayment for purchase of fixed assets	20	**75**	62
Total non-current assets		**15,198**	15,884
Current assets			
Inventories	19	**2,108**	2,195
Trade and other receivables	20	**3,534**	5,198
Cash and cash equivalents	21	**4,768**	4,494
Total current assets		**10,410**	11,887
Current liabilities			
Trade and other payables	22	**5,877**	6,708
Lease liabilities	15(b)	**1,830**	2,978
Bank borrowings	23	**1,454**	569
Current tax liabilities		**175**	568
Total current liabilities		**9,336**	10,823
Net current assets		**1,074**	1,064
Total assets less current liabilities		**16,272**	16,948
Non-current liabilities			
Lease liabilities	15(b)	**2,377**	2,332
Bank borrowings	23	**4,015**	3,931
Other payables	22	**1,490**	–
Deferred tax liabilities	24	**39**	62
Total non-current liabilities		**7,921**	6,325
Net assets		**8,351**	10,623
EQUITY			
Share capital	25	**1,497**	1,497
Reserves	26	**6,516**	8,399
Equity attributable to owners of the Company		**8,013**	9,896
Non-controlling interests	29	**338**	727
Total equity		**8,351**	10,623

Ang Lay Keong (Hong Liqiang)
Director

Goh Duo Tzer (Duoze)
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2022

	Total equity attributable to owners of the Company								
	Share capital SGD'000 (Note 25)	Share premium* SGD'000 (Note 26)	Merger reserve* SGD'000 (Note 26)	Other reserve* SGD'000 (Note 26)	Retained earnings/ (Accumulated losses)* SGD'000	Foreign currency exchange reserve* SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total SGD'000
Balance as at 1 January 2021	1,497	7,187	2,645	(103)	(293)	(5)	10,928	–	10,928
Loss for the year	–	–	–	–	(426)	–	(426)	(233)	(659)
Other comprehensive income:									
Exchange differences on translating foreign operations	–	–	–	–	–	(453)	(453)	17	(436)
Share of other comprehensive income of an associate	–	–	–	–	–	(153)	(153)	–	(153)
Other comprehensive income for the year	–	–	–	–	–	(606)	(606)	17	(589)
Total comprehensive income for the year	–	–	–	–	(426)	(606)	(1,032)	(216)	(1,248)
Non-controlling interests arising on business combination (Note 28)	–	–	–	–	–	–	–	943	943
Balance as at 31 December 2021 and 1 January 2022	1,497	7,187	2,645	(103)	(719)	(611)	9,896	727	10,623
Loss for the year	–	–	–	–	(1,488)	–	(1,488)	(353)	(1,841)
Other comprehensive income:									
Exchange differences on translating foreign operations	–	–	–	–	–	(81)	(81)	(36)	(117)
Share of other comprehensive income of an associate	–	–	–	–	–	(314)	(314)	–	(314)
Other comprehensive income for the year	–	–	–	–	–	(395)	(395)	(36)	(431)
Total comprehensive income for the year	–	–	–	–	(1,488)	(395)	(1,883)	(389)	(2,272)
Balance as at 31 December 2022	1,497	7,187	2,645	(103)	(2,207)	(1,006)	(8,013)	338	8,351

* As at 31 December 2022, the total of these reserves amounted to SGD6,516,000 (2021: SGD8,399,000).

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2022

	2022 SGD'000	2021 SGD'000
Cash flows from operating activities		
Loss before income tax expense	**(1,929)**	(447)
Adjustments for:		
Depreciation of property, plant and equipment	**1,215**	460
Reversal of impairment of property, plant and equipment	**–**	(8)
Reversal of impairment of right-of-use assets	**–**	(396)
Impairment of interest in an associate	**–**	90
Depreciation of right-of-use assets	**2,401**	2,539
Gain on disposal of property, plant and equipment	**(151)**	–
Gain on disposal of right-of-use assets	**–**	(42)
Effect of lease termination	**(1)**	–
Amortisation of intangible assets	**94**	62
Impairment losses under expected credit loss model on trade receivables, net of reversal	**(250)**	(282)
Impairment losses under expected credit loss model on other receivables, net of reversal	**482**	24
Write-down of inventories	**2**	122
Interest expenses	**433**	413
Interest income	**(6)**	(3)
Gain on bargain purchase from acquisition of a subsidiary	**–**	(2)
Share of results of a joint venture	**–**	58
Share of results of an associate	**(153)**	(37)
Operating profit before working capital changes	**2,137**	2,551
Decrease/(Increase) in inventories	**85**	(1,049)
Decrease in trade and other receivables	**805**	1,345
(Decrease)/Increase in trade and other payables	**(194)**	1,082
Cash generated from operations	**2,833**	3,929
Income taxes paid	**(318)**	(294)
Interest paid	**(154)**	(68)
Interest element of lease liabilities paid	**(194)**	(245)
Net cash generated from operating activities	**2,167**	3,322

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2022

	Notes	2022 SGD'000	2021 SGD'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(1,288)**	(2,456)
Proceeds from disposal of property, plant and equipment		**705**	–
Proceeds from disposal of right-of-use assets		**–**	106
Payments for right-of-use assets		**(392)**	(420)
Advances to spouse of a director of a subsidiary		**–**	(746)
Repayment from spouse of a director of a subsidiary		**696**	–
Interest received		**6**	3
Acquisition of a subsidiary, net of cash		**–**	(1,059)
Net cash used in investing activities		**(273)**	(4,572)
Cash flows from financing activities	36		
Repayment of bank borrowings		**(847)**	(637)
Repayment of short-term loans		**(20)**	(407)
Proceeds from bank borrowings		**1,817**	4,500
Proceeds for short-term loans from related companies		**79**	2,516
Capital element of lease liabilities paid		**(3,199)**	(3,577)
Net cash (used in)/generated from financing activities		**(2,170)**	2,395
Net (decrease)/increase in cash and cash equivalents		**(276)**	1,145
Cash and cash equivalents at beginning of the year		**4,494**	3,331
Effect of exchange rate changes on cash and cash equivalents		**550**	18
Cash and cash equivalents at end of the year		**4,768**	4,494
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand	21	**4,768**	4,494

Notes to the Consolidated Financial Statements

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 supply of passenger car spare parts, accessories and automotive equipment in Singapore, trading of motor vehicles, sale of hardware and equipment and provision of management platform services in education business in the People's Republic of China (the "**PRC**"). The particulars of the Company's subsidiaries are set out in Note 30. As at 31 December 2022, 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.

These consolidated financial statements were approved and authorised for issue by the board of directors on 27 March 2023.

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 directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 2022

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 HKFRS 3	Reference to the Conceptual Framework
Amendment to HKFRS 16	COVID-19-Related Rent Concessions beyond 30 June 2021
Amendments to HKAS 16	Property, Plant and Equipment – Proceeds before Intended Use
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract
Amendments to HKFRSs	Annual Improvements to HKFRSs 2018-2020

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.

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts[1]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[2]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[3]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[3]
Amendments to HKAS 1	Non-current Liabilities with Covenants[3]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[1]
Amendments to HKAS 8	Definition of Accounting Estimates[1]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[1]

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

The Directors anticipate that the application of all other new and amendments to HKFRSs will have no material impact on the consolidated financial statements in the foreseeable future.

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.

A business is an integrated set of activities and assets which includes an input and a substantive process that together significantly contribute to the ability to create outputs. The acquired processes are considered substantive if they are critical to the ability to continue producing outputs, including an organised workforce with the necessary skills, knowledge, or experience to perform the related processes or they significantly contribute to the ability to continue producing outputs and are considered unique or scarce or cannot be replaced without significant cost, effort, or delay in the ability to continue producing outputs.

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

For business combinations in which the acquisition date is on or after 1 January 2022, the identifiable assets acquired and liabilities assumed must meet the definitions of an asset and a liability in the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") except for transactions and events within the scope of HKAS 37 or HK(IFRIC)-Int 21, in which the Group applies HKAS 37 or HK(IFRIC)-Int 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination. Contingent assets are not recognised.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the relevant subsidiary's net assets in the event of liquidation are initially measured at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets or at fair value.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(a) Business combination, basis of consolidation and subsidiaries *(Continued)*

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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 from 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(d) Property, plant and equipment *(Continued)*

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Intangible assets *(Continued)*

(i) ***Goodwill*** *(Continued)*

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 (see Note 4(m)) and whenever there is an indication that the unit may be impaired.

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

(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 (see Note 4(m)).

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(e) Intangible assets *(Continued)*

(iii) Impairment (Continued)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

Right-of-use asset *(Continued)*

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

Lease liability *(Continued)*

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(f) Leases *(Continued)*

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(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.

Notes to the Consolidated Financial Statements

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets *(Continued)*

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(ii) Impairment loss on financial assets (Continued)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(h) Financial instruments *(Continued)*

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(p) Revenue recognition *(Continued)*

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 leases (Note 4(f)).

(iii) Warranty income under 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(q) Income taxes *(Continued)*

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 form 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

(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 20.

(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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(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.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY *(Continued)*

(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 – sale of hardware and equipment, data collection and provision of management platform service relating to education business

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.

6. SEGMENT INFORMATION *(Continued)*

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 2022

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Adjustments and eliminations SGD'000	Total SGD'000
Segment revenue						
Revenue from external customers	13,023	3,531	64,742	279	–	81,575
Inter-segment sales	154	–	–	–	(154)	–
	13,177	3,531	64,742	279	(154)	81,575
Segment profit/(loss)	4,945	153	556	(546)	–	5,108
Other income and gains						41
Share of results of an associate	153	–	–	–	–	153
Unallocated staff costs						(3,305)
Unallocated corporate expenses						(3,662)
Unallocated finance costs						(264)
Loss before income tax expense						(1,929)
Other segment information						
Unallocated depreciation						(1,383)
Unallocated income tax						88

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

For the year ended 31 December 2021

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment revenue					
Revenue from external customers	12,141	2,505	42,444	54	57,144
Segment profit/(loss)	5,529	538	472	(443)	6,096
Other income and gains					426
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					(3,569)
Unallocated finance costs					(285)
Loss before income tax expense					(447)
Other segment information					
Unallocated depreciation					(1,318)
Unallocated income tax					(212)

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

As at 31 December 2022

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment assets	3,801	11,053	397	802	16,053
Interest in a joint venture	–	–	–	–	–
Interest in an associate	1,611	–	–	–	1,611
	5,412	11,053	397	802	17,664
Unallocated property, plant and equipment					17
Unallocated right-of-use assets					1,168
Unallocated cash and cash equivalents					4,768
Unallocated corporate assets					1,991
Total assets					25,608

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment liabilities	1,059	6,396	838	185	8,478
Current tax liabilities					175
Deferred tax liabilities					39
Unallocated bank borrowings					2,470
Unallocated lease liabilities					1,234
Unallocated corporate liabilities					4,861
Total liabilities					17,257

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

As at 31 December 2021

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment assets	3,623	10,847	2,144	1,603	18,217
Interest in a joint venture	–	–	–	–	–
Interest in an associate	1,827	–	–	–	1,827
	5,450	10,847	2,144	1,603	20,044
Unallocated property, plant and equipment					25
Unallocated right-of-use assets					1,990
Unallocated cash and cash equivalents					4,494
Unallocated corporate assets					1,218
Total assets					27,771

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000 (restated)
Segment liabilities	759	6,404	1,479	146	8,788
Current tax liabilities					568
Deferred tax liabilities					62
Unallocated bank borrowings					1,500
Unallocated lease liabilities					2,076
Unallocated corporate liabilities					4,154
Total liabilities					17,148

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).

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

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 2022

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Other segment information					
Additions to non-current assets	173	2,144	–	–	2,317
Depreciation of property, plant and equipment	(228)	(911)	(1)	(15)	(1,155)
Depreciation of right-of-use assets	(45)	(1,020)	(11)	–	(1,076)
Amortisation of intangible assets	–	–	–	(94)	(94)
Impairment losses under expected credit loss model on trade receivables, net of reversal	251	(1)	–	–	250
Impairment losses under expected credit loss model on other receivables, net of reversal	–	–	(516)	34	(482)
Write-down of inventories	–	–	–	(2)	(2)
Staff costs	(2,204)	(496)	(143)	(173)	(3,016)
Finance costs	–	(169)	–	–	(169)
Research expenses	–	–	–	(399)	(399)

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

For the year ended 31 December 2021

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Other segment information					
Additions to non-current assets	347	2,858	–	–	3,205
Depreciation of property, plant and equipment	(205)	(183)	(1)	(13)	(402)
Depreciation of right-of-use assets	(34)	(1,224)	(21)	–	(1,279)
Amortisation of intangible assets	–	–	–	(62)	(62)
Impairment losses under expected credit loss model on trade receivables, net of reversal	282	–	–	–	282
Impairment losses under expected credit loss model on other receivables net of reversal	–	–	–	(24)	(24)
Reversal of impairment of property, plant and equipment	–	8	–	–	8
Reversal of impairment of Right-of-use assets	–	396	–	–	396
Impairment of interest in an associate	(90)	–	–	–	(90)
Write-down of inventories	–	–	–	(122)	(122)
Staff costs	(1,879)	(231)	(119)	(92)	(2,321)
Finance costs	–	(128)	–	–	(128)
Research expenses	–	–	–	(177)	(177)

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*	
	2022 SGD'000	2021 SGD'000	**2022 SGD'000**	2021 SGD'000
Geographic information				
Singapore (place of domicile)	**17,409**	15,068	**13,032**	13,341
The PRC	**64,020**	42,076	**338**	522
Other Asian countries	**146**	–	**1,611**	1,827
Total	**81,575**	57,144	**14,981**	15,690

* Specified non-current asset excluded any financial assets

6. SEGMENT INFORMATION *(Continued)*

(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	
	2022	2021
	SGD'000	SGD'000
Customer A	**9,699**	NA#
Customer B	**9,151**	NA#
Customer C	**NA#**	11,085

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:

	2022	2021
	SGD'000	SGD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Service income	**12,199**	11,663
Warranty income	**824**	478
Automotive supply income	**64,742**	42,444
Education business service income	**–**	54
Sale of hardware and equipment	**279**	–
Revenue from other sources		
Car rental income	**3,531**	2,505
	81,575	57,144

	2022	2021
	SGD'000	SGD'000
Disaggregation by timing of revenue recognition		
Over time	**13,023**	12,195
Point in time	**65,021**	42,444
	78,044	54,639

7. REVENUE *(Continued)*

(a) Contract assets

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

	2022	2021
	SGD'000	SGD'000
Contract assets (Note 20)	**536**	169

(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 2022 and 2021 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.

Increase in contract assets was mainly due to the increase in the ongoing repair and maintenance for the accident case customers as at 31 December 2022, which represents the Group's right to consideration in exchange for services that the Group has transferred to a customer that is not yet unconditional.

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

	2022	2021
	SGD'000	SGD'000
Within one year	**536**	169

(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 2022, no provision was made as the ECLs on contract assets were immaterial (2021: nil).

7. REVENUE *(Continued)*

(b) Contract liabilities

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

	2022 SGD'000	2021 SGD'000
Contract liabilities (Note 22)	**1,795**	1,626

(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 2022 and 2021 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 2022 and 2021 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

	2022 SGD'000	2021 SGD'000
Balance as at 1 January	**1,626**	1,142
Increase in contract liabilities as a result of advance payments made by customers	**1,800**	1,581
Amounts included in contract liabilities that was recognised as revenue during the year	**(1,625)**	(1,099)
Exchange realignment	**(6)**	2
Balance as at 31 December	**1,795**	1,626

7. REVENUE *(Continued)*

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

During the years ended 31 December 2022 and 2021, there were no significant incremental costs to obtain a contract.

8. OTHER INCOME AND GAINS

	2022 SGD'000	2021 SGD'000
Government grants (Note)	**286**	303
Gain on disposal of property, plant and equipment	**151**	–
Gain on disposal of right-of-use assets	**–**	42
Gain on acquisition of a subsidiary (Note 28)	**–**	2
Exchange gains	**1**	–
Interest income	**6**	3
Sponsorship	**186**	–
Others	**97**	76
	727	426

Note:

There were no unfulfilled conditions and other contingencies attaching to government grants for income recognised during the years ended 31 December 2022 and 2021.

9. LOSS BEFORE INCOME TAX EXPENSE

	2022 SGD'000	2021 SGD'000
Loss before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	**169**	100
Depreciation of property, plant and equipment		
– Direct depreciation expenses	**1,062**	402
– Indirect depreciation expenses	**153**	58
– Total	**1,215**	460
Depreciation of right-of-use assets		
– Direct depreciation expenses	**1,065**	1,279
– Indirect depreciation expenses	**1,336**	1,260
– Total	**2,401**	2,539
Employee benefit expenses (including directors' emoluments) (Note 12)		
– Salaries, allowances and other benefits	**5,820**	4,988
– Contributions to defined contribution retirement plan	**499**	427
– Total	**6,319**	5,415
– Direct employee benefit expenses	**2,240**	2,321
– Indirect employee benefit expenses	**4,079**	3,094
– Total	**6,319**	5,415
Write-down of inventories	**2**	122

9. LOSS BEFORE INCOME TAX EXPENSE *(Continued)*

	2022 SGD'000	2021 SGD'000
Amortisation of intangible assets	**94**	62
Reversal of impairment of property, plant and equipment (Note 15(a))	**–**	(8)
Reversal of impairment of right-of-use assets (Note 15(c))	**–**	(396)
Impairment of interest in an associate (Note 18)	**–**	90
Impairment losses under expected credit loss model on trade receivables	**(250)**	(282)
Impairment losses under expected credit loss model on other receivables	**482**	24
Gain on disposal of property, plant and equipment	**(151)**	–
Effect of lease termination	**(1)**	–
Short-term lease expenses	**61**	39
Other expenses		
– Maintenance costs	**1,066**	807
– Professional and legal fees	**775**	745
– Research expenses	**401**	177
– Other operating expenses	**1,183**	895
Total	**3,425**	2,624

10. FINANCE COSTS

	2022 SGD'000	2021 SGD'000
Interest element of lease liabilities	**194**	245
Interest on bank borrowings	**154**	68
Interest on short-term loans	**85**	100
	433	413

11. INCOME TAX (CREDIT)/EXPENSE

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

	2022 SGD'000	2021 SGD'000
The PRC		
Current tax		
– Current year	**53**	57
Singapore		
Current tax		
– Current year	**80**	169
– (Over)/Under-provision in respect of prior years	**(198)**	98
Deferred tax credit (Note 24)	**(23)**	(112)
Income tax (credit)/expense	**(88)**	212

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the year ended 31 December 2022 (2021: 17%).

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions for the years ended 31 December 2022 and 2021.

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

	2022 SGD'000	2021 SGD'000
Loss before income tax expense	**(1,929)**	(447)
Tax calculated at the domestic tax rate	**(328)**	(76)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**169**	(24)
Tax effect of share of results of a joint venture	**–**	10
Tax effect of share of results of an associate	**–**	(6)
Tax effect of expenses not deductible for tax purposes	**48**	363
Tax effect of revenue not taxable for tax purposes	**(34)**	(74)
Tax effect of deductible temporary difference not recognised	**–**	(55)
(Over)/Under provision in respect of prior years	**(198)**	98
Tax rebates	**(17)**	(18)
Tax effect of unused tax losses not recognised	**313**	–
Others	**(41)**	(6)
Income tax (credit)/expense	**(88)**	212

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors for the years ended 31 December 2022 and 2021 are set out below:

	Fees SGD'000	Salaries, allowances and other benefits SGD'000	Discretionary bonuses (Note (i)) SGD'000	Contributions to defined contribution retirement plan SGD'000	Total SGD'000
Year ended 31 December 2022					
Executive directors					
Mr. Hu Wu'an (Note (ii))	–	21	–	–	21
Mr. Ang Lay Keong (Hong Liqiang)	–	249	88	34	371
Ms. Lim Li Ling (Lin Liling)	–	126	30	20	176
Mr. Goh Duo Tzer (Wu Duoze)	–	133	22	20	175
Ms. Nie Li	–	21	–	–	21
Ms. Lin Xiaojuan	–	21	–	–	21
Independent non-executive directors					
Mr. Chu Kin Ming	21	–	–	–	21
Ms. Tan Meng Choon (Note (v))	11	–	–	–	11
Mr. Chang Li-Chung (Note (iv))	–	17	–	–	17
Ms. Yi Jing (Note (vi))	9	–	–	–	9
	41	588	140	74	843

	Fees SGD'000	Salaries, allowances and other benefits SGD'000	Discretionary bonuses SGD'000	Contributions to defined contribution retirement plan SGD'000	Total SGD'000
Year ended 31 December 2021					
Executive directors					
Mr. Hu Wu'an (Note (ii))	–	21	–	–	21
Mr. Ang Lay Keong (Hong Liqiang)	–	216	20	24	260
Ms. Lim Li Ling (Lin Liling)	–	124	10	17	151
Mr. Goh Duo Tzer (Wu Duoze)	–	123	5	16	144
Ms. Nie Li	–	21	–	–	21
Ms. Lin Xiaojuan	–	21	–	–	21
Independent non-executive directors					
Mr. Chu Kin Ming	21	–	–	–	21
Ms. Tan Meng Choon (Note (v))	18	–	–	–	18
Mr. Ong Kar Loom (Wang Jialun) (Note (iii))	3	–	–	–	3
Mr. Chang Li-Chung (Note (iv))	–	15	–	–	15
	42	541	35	57	675

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

(a) Directors' emoluments *(Continued)*

Notes:

(i) The discretionary bonuses were determined based on the performance of the directors.

(ii) Mr. Hu Wu'an was appointed as the Company's executive director on 6 January 2021.

(iii) Mr. Ong Kar Loom (Wang Jialun) resigned as the Company's independent non-executive director on 25 February 2021.

(iv) Mr. Chang Li-Chung was appointed as the Company's independent non-executive director on 25 February 2021.

(v) Ms. Tan Meng Choon was resigned as the Company's independent non-executive director on 30 June 2022.

(vi) Ms. Yi Jing was appointed as the Company's independent non-executive director on 30 June 2022.

During the years ended 31 December 2022 and 2021, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the years ended 31 December 2022 and 2021.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included three and three directors for the years ended 31 December 2022 and 2021 respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid non-director individuals are as follows:

	2022 **SGD'000**	2021 SGD'000
Salaries, allowances and other benefits	**240**	218
Discretionary bonus	**39**	9
Contribution to defined contribution retirement plan	**31**	25
	310	252

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS *(Continued)*

(b) Five highest paid individuals *(Continued)*

The emoluments of each of the above highest paid individuals were within the following bands:

	2022 Number of individuals	2021 Number of individuals
Nil – HK$1,000,000	**3**	4
HK$1,000,001 – HK$1,500,000	**2**	1

During the years ended 31 December 2022 and 2021, none of the five highest paid individuals waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year ended 31 December 2022 (2021: Nil).

14. LOSS PER SHARE

	2022	2021
The basic and diluted loss per share for the year are calculated based on the following:		
Loss attributable to owners of the Company for the year (SGD'000)	**(1,488)**	(426)
Weighted average number of ordinary shares in issue (Note)	**850,000,000**	850,000,000
Basic and diluted loss per share (SGD cents)	**(0.18)**	(0.05)

Note:

For the year ended 31 December 2022, the calculation of basic loss 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 (2021: 850,000,000) ordinary shares in issue.

Diluted loss per share were the same as basic loss per share as there was no dilutive potential ordinary share in existence during the years ended 31 December 2022 and 2021.

15. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

(a) Property, plant and equipment

	Computer SGD'000	Furniture and fittings SGD'000	Machine equipment SGD'000	Motor vehicles SGD'000	Office equipment SGD'000	Leasehold improvements SGD'000	Total SGD'000
Cost							
As at 1 January 2021	645	294	903	1,620	90	743	4,295
Acquisition of a subsidiary (Note 28)	–	15	100	25	–	–	140
Additions	89	27	177	2,075	–	88	2,456
Reclassification from right-of-use assets (Note (b))	–	–	–	2,900	–	–	2,900
Exchange realignment	–	–	2	1	–	–	3
As at 31 December 2021 and 1 January 2022	734	336	1,182	6,621	90	831	9,794
Addition	31	11	77	1,101	7	61	1,288
Disposal	–	–	–	(1,333)	–	–	(1,333)
Written off	(149)	(77)	(267)	(55)	(30)	(26)	(604)
Reclassification from right-of-use assets (Note (b))	–	–	–	4,642	–	–	4,642
Exchange realignment	(1)	(3)	(9)	(3)	(1)	(1)	(18)
As at 31 December 2022	615	267	983	10,973	66	865	13,769
Accumulated depreciation and impairment							
As at 1 January 2021	538	245	841	1,167	84	689	3,564
Charge for the year	88	27	96	207	3	39	460
Reversal of impairment (Note (c))	–	–	–	(8)	–	–	(8)
Reclassification from right-of-use assets (Note (b))	–	–	–	1,486	–	–	1,486
As at 31 December 2021 and 1 January 2022	626	272	937	2,852	87	728	5,502
Change for the year	64	30	116	948	3	54	1,215
Eliminated on disposal	–	–	–	(779)	–	–	(779)
Written off	(149)	(77)	(267)	(55)	(30)	(26)	(604)
Reclassification from right-of-use assets (Note (b))	–	–	–	2,696	–	–	2,696
Exchange realignment	–	(2)	(2)	(2)	(1)	(1)	(8)
As at 31 December 2022	541	223	784	5,660	59	755	8,022
Net carrying amount							
As at 31 December 2021	108	64	245	3,769	3	103	4,292
As at 31 December 2022	74	44	199	5,313	7	110	5,747

15. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(b) Right-of-use assets and lease liabilities

Set out below are the carrying amounts of the Group's right-of-use assets and lease liabilities and the movements during the years:

	Right-of-use assets			Lease liabilities
	Motor vehicles SGD'000	Leased properties for own use SGD'000	Total SGD'000	Total SGD'000
As at 1 January 2021	7,371	3,054	10,425	7,005
Lease commencement	2,065	240	2,305	1,885
Depreciation expenses	(1,258)	(1,281)	(2,539)	–
Reclassification to property, plant and equipment (Note (a))	(1,414)	–	(1,414)	–
Lease modification	–	(3)	(3)	(3)
Reversal of impairment (Note (c))	396	–	396	–
Disposal	(64)	–	(64)	–
Interest expenses	–	–	–	245
Payments	–	–	–	(3,822)
As at 31 December 2021 and 1 January 2022	7,096	2,010	9,106	5,310
Lease commencement	1,993	504	2,497	2,105
Depreciation expenses	(1,064)	(1,337)	(2,401)	–
Reclassification to property, plant and equipment (Note (a))	(1,946)	–	(1,946)	–
Interest expenses	–	–	–	194
Lease termination	–	(7)	(7)	(8)
Payments	–	–	–	(3,393)
Exchange realignment	–	(1)	(1)	(1)
As at 31 December 2022	6,079	1,169	7,248	4,207

The Group recognised rent expenses from short-term leases of SGD61,000 (2021: SGD39,000) in profit or loss for the year ended 31 December 2022.

15. PROPERTY, PLANT AND EQUIPMENT, RIGHT-OF-USE ASSETS AND LEASE LIABILITIES *(Continued)*

(b) Right-of-use assets and lease liabilities *(Continued)*

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2022 and 2021 are as follows:

	2022		2021	
	Present value of the minimum lease payments SGD'000	**Total minimum lease payments SGD'000**	Present value of the minimum lease payments SGD'000	Total minimum lease payments SGD'000
Within 1 year	**1,830**	**1,945**	2,978	3,128
After 1 year but within 2 years	**897**	**969**	1,422	1,477
After 2 years but within 5 years	**1,428**	**1,496**	910	946
After 5 years	**54**	**54**	–	–
	2,377	**2,519**	2,332	2,423
	4,207	**4,464**	5,310	5,551
Less: total future interest expense		**(257)**		(241)
Present value of lease liabilities		**4,207**		5,310

(c) Impairment loss assessment

During the year ended 31 December 2022, management has identified certain motor vehicles under right-of-use assets (Note (b)) and property, plant and equipment (Note (a)) as a cash-generating unit ("**CGU**") and an impairment reassessment was performed by management on the CGU by estimating the recoverable amount based on a value-in-use calculation using a pre-tax discount rate of 21.6% (2021: 15.1%). The recoverable amount of the CGU as at 31 December 2022 was calculated at approximately SGD11,741,000 (2021: SGD11,082,000) while the aggregate net carrying amount of the CGU was SGD11,392,000 (2021: before impairment loss of SGD10,461,000).

Under HKAS 36, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment loss been recognised for the asset in prior years. Accordingly, an aggregate reversal of impairment loss of SGD 404,000 was recognised to profit or loss during the year ended 31 December 2021, of which SGD396,000 and SGD8,000 was allocated to motor vehicles under right-of-use assets and property, plant and equipment respectively on a pro-rata basis. The reversal of impairment was mainly attributable to improved performance in the segment of car rental services with increased segment revenue and profit during the year ended 31 December 2021. Neither impairment loss nor reversal of impairment loss recognised during the year.

16. INTANGIBLE ASSETS

	Software development system SGD'000
Cost	
As at 1 January 2021	–
Acquisition of a subsidiary (Note 28)	462
Exchange realignment	3
As at 31 December 2021 and 1 January 2022	465
Exchange realignment	(11)
As at 31 December 2022	454
Accumulated amortisation and impairment	
As at 1 January 2021	–
Charge for the year	62
As at 31 December 2021 and 1 January 2022	62
Charge for the year	94
Exchange realignment	(2)
As at 31 December 2022	154
Net carrying amount	
As at 31 December 2022	300
As at 31 December 2021	403

As at 31 December 2022, the Group's intangible assets included software development system with net carrying amount of SGD300,000 (2021: SGD403,000) and will be fully amortised in approximately in 3.3 years (2021: 4.3 years).

All of the intangible assets were valued as at the date of acquisition (i.e. 8 May 2021) by Roma Appraisals Limited, a firm of independent professional valuers, on the following basis:

Software development system	The Multi-Period Excess Earnings Method under the Income Approach

17. INTERESTS IN A JOINT VENTURE

	2022 SGD'000	2021 SGD'000
Cost of investment in joint venture	**211**	211
Share of post-acquisition profits and other comprehensive, net of dividend received	**(211)**	(211)
	–	–

Particulars of the joint venture of the Group at the end of the reporting period are set out as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests 2022	2021	Place of incorporation and operation
Absolute By Optima Werkz (Thailand) Co., Ltd. (Note)	Thailand	BAHT12,000,000	**40%**	40%	Repair and maintenance of motor vehicles including installation of parts and accessories

Notes:

Optima Werkz Pte. Ltd., an indirect wholly-owned subsidiary of the Company, has entered into an agreement with Wealth Firm Holding Co., Ltd. ("**Wealth Firm**"), an independent third party and a limited liability company incorporated in Thailand, to form and invest in a company in Thailand, named Absolute By Optima Werkz (Thailand) Co., Ltd. ("**ABOW**"). ABOW is a limited liability company incorporated in Thailand of which the Group and Wealth Firm held 40% and 60% equity interest in ABOW respectively. The principal activity of ABOW is repair and maintenance of motor vehicles, including installation of parts and accessories in Thailand.

The Group has invested in Thailand in order to expand the overseas business of the Group to diversify its country risk.

The contractual arrangement provides the Group with only the rights to the net assets of the joint arrangement, with the rights to the assets and obligation for the liabilities of the joint arrangement resting primarily with ABOW. Under HKFRS 11, this joint arrangement is classified as a joint venture and has been included in the consolidated financial statements using the equity method.

17. INTERESTS IN A JOINT VENTURE *(Continued)*

Summarised financial information of the joint venture, adjusted for any differences in accounting policies, is presented below:

	Absolute By Optima Werkz (Thailand) Co., Ltd. 2022 SGD'000	2021 SGD'000
As at 31 December		
Current assets	**865**	903
Non-current assets	**40**	1,444
Current liabilities	**(601)**	(627)
Non-current liabilities	**(666)**	(2,174)
Net liabilities	**(362)**	(454)
Reconciliation to the Group's interest in a joint venture:		
Proportion of the Group's ownership	**40%**	40%
Group's share of net assets of the joint venture (excluding goodwill)	**–**	–
Carrying amount of interest in the joint venture	**–**	–
Year ended 31 December		
Revenue	**–**	536
Profit/(loss) for the year	**75**	(1,094)
Other comprehensive expense	**–**	(32)
Total comprehensive income/(expense)	**75**	(590)
Dividends received by the Group from the joint venture	**–**	–

The joint venture had no significant contingent liabilities or commitments as at 31 December 2022 (2021: nil).

18. INTERESTS IN AN ASSOCIATE

	2022 SGD'000	2021 SGD'000
Cost of investment in associates	**555**	555
Share of post-acquisition profits and other comprehensive, net of dividend received	**(124)**	(129)
Goodwill	**1,951**	1,951
Impairment loss	**(90)**	(90)
Exchange realignment	**(681)**	(460)
As at 31 December	**1,611**	1,827

Particulars of the associate of the Group at the end of the reporting period are set out as follows:

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests 2022	2021	Place of incorporation and operation
Optima Werkz Myanmar Services Co. Ltd. (Note)	Myanmar	US$1,000,000	**35%**	35%	Repair and maintenance of motor vehicles including installation of parts and accessories

Note:

Werkz Myanmar Holdings Pte. Ltd. ("**OWMH**"), an indirect wholly-owned subsidiary of the Company, being a limited liability company incorporated in Singapore, held 35% equity interest in Optima Werkz Myanmar Services Co., Ltd. ("**OWMS**"). The principal activity of OWMS is repair and maintenance of motor vehicles, including installation of parts and accessories in Myanmar. The Group has invested in OWMS in order to expand the overseas business of the Group to diversify its country risk.

The directors of the Company considered the Group can exercise significant influence over the investee and therefore was treated as an associate and applied equity method to account for the investment.

18. INTEREST IN AN ASSOCIATE *(Continued)*

During the year ended 31 December 2022, management has identified impairment indicator on interest in an associate due to unfavourable market conditions in automotive business in Myanmar. Management has performed an impairment assessment by estimating the recoverable amount based on a value-in-use calculation using a pre-tax discount rate of 22.4% (2021: 17.5%). The recoverable amount as at 31 December 2022 was calculated at SGD2,171,000 (2021: SGD1,827,000) while the aggregate net carrying amount was SGD1,611,000 (2021: SGD1,917,000). Accordingly, no impairment loss was recognised to profit or loss during the year ended 31 December 2022 (2021: SGD90,000).

Summarised financial information of the Group's associate, adjusted for any difference in accounting policies:

	Optima Werkz Myanmar Services Co. Ltd.	
	2022	2021
	SGD'000	SGD'000
As at 31 December		
Current assets	**1,798**	1,401
Non-current assets	**362**	498
Current liabilities	**(28)**	(19)
Non-current liabilities	**(900)**	(665)
Net assets	**1,232**	1,215
Year ended 31 December		
Revenue	**2,555**	1,683
Profit for the year	**436**	105
Other comprehensive income	**(257)**	(438)
Total comprehensive income/(expense)	**179**	(333)
Dividend received/receivable from associate	**58**	149

The associate had no contingent liabilities or commitments as at 31 December 2022 (2021: nil).

19. INVENTORIES

	2022	2021
	SGD'000	SGD'000
Parts and accessories	**2,108**	2,195

The change in trading inventories and cost of materials used amounted to SGD64,171,000 and SGD5,557,000 during the year ended 31 December 2022 respectively (2021: SGD41,831,000 and SGD4,639,000).

20. TRADE AND OTHER RECEIVABLES

	2022 SGD'000	2021 SGD'000
Trade receivables	**2,036**	2,019
Less: impairment loss	**(516)**	(767)
Trade receivables, net (Note (a))	**1,520**	1,252
Contract assets (Note 7(a))	**536**	169
Deposits, prepayment and other receivables (Note (b))	**1,770**	4,033
	3,826	5,454
Categorised as:		
Current portion	**3,534**	5,198
Non-current portion	**292**	256
	3,826	5,454

Notes:

(a) As at 31 December 2022, included in trade receivables represented lease receivables arising from car rental business amounted to SGD 65,000 (2021: SGD125,000).

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) As at 31 December 2021, included in other receivables represented the gross carrying amount of RMB3,500,000 (equivalent to approximately SGD746,000) due from a related party, spouse of a director of a subsidiary. The amounts due were unsecured, interest-free and repayable on demand. During the year ended 31 December 2021, impairment loss of SGD24,000 have been provided for the amounts due from a related party under other receivables, which was assessed based on expected credit losses model under general approach. The amounts have been fully repaid as of 31 December 2022 and the corresponding impairment loss has been reversed.

As at 31 December 2021, included in other receivables represented dividend receivable from an associate of SGD149,000. The dividend from an associate during the year has been received as at 31 December 2022.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2022 SGD'000	2021 SGD'000
Within 30 days	**544**	481
31 – 60 days	**355**	169
61 – 90 days	**143**	110
91 – 180 days	**187**	163
181 – 365 days	**157**	249
Over 365 days	**134**	80
	1,520	1,252

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

	2022 SGD'000	2021 SGD'000
Not yet past due	**181**	244
Less than 60 days	**750**	431
61 – 90 days	**139**	102
91 – 180 days	**257**	163
181 – 365 days	**59**	250
Over 365 days	**134**	62
	1,339	1,008
	1,520	1,252

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.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2022	2021
	SGD'000	SGD'000
At beginning of year	**767**	1,066
Allowance for impairment (Note 9)	**29**	20
Reversal of impairment (Note 9)	**(279)**	(302)
Write off against receivables	**(1)**	(17)
At end of year	**516**	767

Impairment of trade and other receivables and contract assets

As at 31 December 2022, total allowance of SGD467,000 (2021: SGD726,000) 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 SGD49,000 (2021: SGD41,000) was made against the gross amount of trade receivables as at 31 December 2022.

All contract assets (2021: All) and certain other receivables of approximately SGD1,033,000 (2021: SGD1,346,000) as at 31 December 2022 were neither past due nor credit-impaired.

Certain other receivables of approximately SGD504,000 (2021: Nil) as at 31 December 2022 were credit impaired. Please refer to note 35(a) for further details.

21. CASH AND CASH EQUIVALENTS

	2022	2021
	SGD'000	SGD'000
Cash on hand	**3**	3
Cash at bank	**4,765**	4,491
	4,768	4,494

Cash at bank earns interest at floating rates based on daily bank balances and deposit rates.

22. TRADE AND OTHER PAYABLES

	2022 SGD'000	2021 SGD'000
Trade payables (Note (a))	**1,025**	726
Other payables, accruals and deposits received (Note (b))	**4,547**	4,356
Contract liabilities (Note 7(b))	**1,795**	1,626
	7,367	6,708
Categorised as:		
Current portion	**5,877**	6,708
Non-current portion	**1,490**	–
	7,367	6,708

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:

	2022 SGD'000	2021 SGD'000
Within 30 days	**510**	357
31 – 60 days	**450**	285
61 – 90 days	**47**	63
Over 90 days	**18**	21
	1,025	726

(b) As at 31 December 2022, other payables including amount due to related companies represented loans with principal RMB5,220,000 (2021: RMB5,220,000), equivalent to approximately SGD1,076,000 (2021: SGD1,113,000), which were unsecured, interest bearing to 3-5% per annum (2021: 5% per annum) and repayable within one year.

As at 31 December 2021, other payables included amounts due to related parties represented loans with principal amounts of USD390,000 and HKD5,010,000, equivalent to approximately SGD1,403,000, which were unsecured, interest-bearing at 3% per annum and repayable within one year. During the year, these loans had been renewed. These loans were unsecured, interest-bearing at 2-5% per annum and repayable in 2 years from the date of renewal. The aggregate amount USD390,000 and HKD5,010,000 was equivalent to approximately SGD1,492,000 as at 31 December 2022.

The interest payable arising from loans amounted to approximately SGD85,000 (2021: SGD106,000) as at 31 December 2022 and 2021. Ms. Nie Li (director of the Company) and Mr. Hu Wu'an (chairman and executive director of the Company) were directors of the related parties, while Ms. Nie Li was a shareholder and Mr. Hu Wu'an was a controlling shareholder of the related companies.

23. BANK BORROWINGS

	2022 SGD'000	2021 SGD'000
Secured and interest-bearing bank borrowings (Note (i))		
– Bank loans due for repayment within a year	**1,454**	569
– Bank loans due for repayment after a year (Note (ii))	**4,015**	3,931
	5,469	4,500

Notes:

(i) Bank loans are interest bearing at fixed rates as at 31 December 2022 (2021: fixed rates). The interest rates of the Group's bank loans as at 31 December 2022 and 2021 granted under banking facilities is at 2.5% and 2.5% to 2.6% respectively per annum.

(ii) As at 31 December 2022 and 2021, none of the portion of these bank loans due for repayment after one year contain a repayment on demand clause nor are expected to be settled within one year.

(iii) As at 31 December 2022 and 2021, the Group's banking facilities are secured by corporate guarantee of the Company.

(iv) The Group's certain bank borrowings amounted approximately SGD1,538,000 were secured by the Group's motor vehicles with the carrying amount approximately to SGD2,208,000 and secured by indirect wholly own subsidiary of the Company.

As at the end of the reporting period, the Group's bank borrowings were scheduled to repay as follows:

	2022 SGD'000	2021 SGD'000
On demand or within one year	**1,454**	569
More than one year, but not exceeding two years	**1,493**	1,098
More than two years, but not exceeding five years	**2,522**	2,833
	5,469	4,500

24. DEFERRED TAX

The analysis of deferred tax is as follows:

	2022	2021
	SGD'000	SGD'000
Deferred tax liabilities	**(39)**	(62)

The movement on deferred tax during the years ended 31 December 2022 and 2021 are as follows:

	Accelerated tax depreciation	**Fair value adjustments arising from business combination**	**Total**
	SGD'000	SGD'000	SGD'000
As at 1 January 2021	(97)	–	(97)
Acquisition of a subsidiary (Note 28)	–	(77)	(77)
Credited to profit or loss for the year (Note 11)	97	15	112
As at 31 December 2021 and 1 January 2022	–	(62)	(62)
Credited to profit or loss for the year (Note 11)	–	23	23
As at 31 December 2022	–	(39)	(39)

As at 31 December 2022 and 2021, no deferred tax liabilities have been recognised on taxable temporary difference in relation to the undistributed earnings of subsidiaries as the Group is able to control the timing of reversal of these taxable temporary difference and it is probable that such difference will not reverse in foreseeable future.

As at 31 December 2022 and 2021, deferred tax assets relating to tax losses of the Group has not been recognised as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

25. SHARE CAPITAL

	Number	Amount HK$'000	Amount SGD'000
Authorised:			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	16,000,000,000	160,000	28,191
Issued and fully paid:			
As at 1 January 2021, 31 December 2021, 1 January 2022 and 31 December 2022	850,000,000	8,500	1,497

26. RESERVES

The following describes the nature and purpose of each reserve within owners' equity:

Share premium

Share premium of the Company and the Group is the excess of the cash proceeds received over the nominal value of the ordinary shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the ordinary shares.

Merger reserve

Merger reserve of the Group represents the differences between the share capital of Optima Werkz Pte. Ltd. and the nominal value of the ordinary shares issued by the Company in acquiring Optima Werkz Pte. Ltd. upon the completion of the Reorganisation.

Merger reserve of the Company represents the differences between the carrying amount of the net assets of Optima Werkz Pte. Ltd. and its subsidiaries and the nominal value of the ordinary shares issued by the Company in acquiring Optima Werkz Pte. Ltd. upon the completion of the Reorganisation.

Other reserve

Other reserve represents the difference between the consideration received/paid and the carrying amount of net assets attributable to the reduction/increase of equity interest in subsidiaries without loss of control.

26. RESERVES *(Continued)*

Foreign exchange reserve

Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. SGD) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in Note 4(j).

The Company

The movements of the Company's reserves are as follows:

	Share premium SGD'000	Merger reserve SGD'000	Accumulated losses SGD'000	Total SGD'000
Balance as at 1 January 2021	7,187	5,195	(5,121)	7,261
Loss and total comprehensive income for the year	–	–	(1,652)	(1,652)
Balance as at 31 December 2021 and 1 January 2022	7,187	5,195	(6,773)	5,609
Loss and total comprehensive income for the year	–	–	(819)	(819)
Balance as at 31 December 2022	7,187	5,195	(7,592)	4,790

27. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2022 SGD'000	2021 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries		**5,212**	5,212
Amounts due from subsidiaries		**1,027**	1,648
Total non-current assets		**6,239**	6,860
Current assets			
Prepayments		**111**	156
Cash and cash equivalents		**162**	244
Total current assets		**273**	400
Current liabilities			
Other payables		**225**	154
Total current liabilities		**225**	154
Net current assets		**48**	246
Net assets		**6,287**	7,106
EQUITY			
Share capital	25	**1,497**	1,497
Accumulated losses	26	**(7,592)**	(6,773)
Merger reserve	26	**5,195**	5,195
Share premium	26	**7,187**	7,187
Total equity		**6,287**	7,106

Ang Lay Keong (Hong Liqiang)
Director

Goh Duo Tzer (Wu Duozer)
Director

28. BUSINESS ACQUISITION

On 29 April 2021, the Group, had entered into an agreement to acquire and Ms. Lin Aisheng, Ms. Wang Kaiqieng and Mr. Zhou Yian (the "**Vendors**") 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 SGD1,061,000) 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 (the "**Acquisition**"). Pursuant to which and upon completion, the Group will acquire the control over Target Company as the Group will has existing rights that give it the current ability to direct the relevant activities of the Target Company, i.e. the activities that significantly affect its variable returns. The Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group. The acquisition was completed on 8 May 2021.

The Target Company is principally engaged in education data collection and provision of management platform services focusing on the PRC's kindergarten sector. 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.

28. BUSINESS ACQUISITION *(Continued)*

The fair value of net identifiable assets of the Target Company as at the date of acquisition were:

	Notes	SGD'000
Property, plant and equipment (Note 15(a))		140
Intangible assets (Note 16)		462
Inventories		178
Trade and other receivables	(i)	1,359
Cash and bank balances		2
Trade and other payables		(58)
Deferred tax liabilities recognised upon fair value adjustments (Note 24)		(77)
The fair value of net identifiable assets acquired		2,006
Less: non-controlling interests		(943)
		1,063
Total consideration at fair value		1,061
Gain from bargain purchase arising on acquisition (Note 8)		2
Consideration satisfied by:		
Cash consideration		1,061
Net cash outflow arising on acquisition:		
Cash consideration paid at acquisition		(1,061)
Cash and bank balances acquired		2
		(1,059)

Notes:

(i) The fair value of trade and other receivables amounted to SGD1,359,000. The gross amount of these receivables in SGD1,379,000.

(ii) The non-controlling interests were measured at proportionate share in the recognised amounts of the acquiree's identifiable net assets at acquisition date.

(iii) The gain from bargain purchase arising on acquisition of SGD2,000 was recognised under other income (Note 8) in profit or loss during the year ended 31 December 2021, since the 53% of fair value of net identifiable assets acquired of SGD1,063,000 exceeds the total consideration at fair value of SGD1,061,000.

(iv) The acquisition-related costs of SGD9,000 have been expensed and are included in administrative expenses.

(v) Since the acquisition date, the Target Company has contributed SGD54,000 and SGD495,000 to the Group's revenue and net loss respectively for the period from 8 May 2021 to 31 December 2021. On a pro forma basis, had the acquisition occurred on 1 January 2021, the Group's revenue and net loss would have been SGD57,145,000 and SGD1,347,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future performance.

29. NON-CONTROLLING INTERESTS

湖南馬良數碼科技股份有限公司("**湖南馬良**") was a 53% indirectly owned subsidiary of the Company. Summarised financial information in relation to the post-acquisition non-controlling interests of 湖南馬良, before inter-group eliminations, is presented below:

	2022 **SGD'000**	2021 SGD'000
Since acquisition to 31 December		
Revenue	**279**	54
Loss for the year	**(751)**	(495)
Other comprehensive (expense)/income for the year	**(77)**	36
Total comprehensive expense for the year/period, after depreciation and impairment (net of tax)	**(828)**	(459)
Loss allocated to NCI	**(353)**	(233)
Loss and total comprehensive income allocated to NCI	**(389)**	(216)
Dividend paid to NCI	**–**	–
Since acquisition to 31 December		
Cash inflow from operating activities	**(587)**	753
Cash outflow from investing activities	**685**	(749)
Cash inflow from financing activities	**–**	–
Net cash inflow	**98**	4

	31/12/2022 **SGD'000**	31/12/2021 SGD'000
Current assets	**608**	1,195
Non-current assets	**337**	505
Current liabilities	**(184)**	(92)
Non-current liabilities	**(39)**	(62)
Net assets	**722**	1,546
Accumulated non-controlling interests	**338**	727

30. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2022 and 2021 are set out below:

Name of subsidiary	Place and date of incorporation	Place of operations	Issued and paid-up capital	Effective interest held by the Company				Principal activities
				2022		2021		
				Directly	Indirectly	Directly	Indirectly	
Optima International Limited	Incorporated in the British Virgin Islands on 16 March 2018	The British Virgin Islands	US$100	**100%**	**–**	100%	–	Investment holding
Prosper Might Holdings Limited	Incorporated in the British Virgin Islands on 2 January 2020	The British Virgin Islands	US$100	**100%**	**–**	100%	–	Investment holding
Optima Werkz Pte. Ltd.	Incorporated in Singapore on 18 May 2012	Singapore	SGD2,662,472	**–**	**100%**	–	100%	Repair and maintenance (including installation of parts of accessories) and spray painting of motor vehicles
Optima De Auto Pte. Ltd.	Incorporated in Singapore on 22 August 2013	Singapore	SGD10,000	**–**	**100%**	–	100%	Repair and maintenance (including installation of parts of accessories) and spray painting of motor vehicles
Optima Carz Leasing Pte. Ltd. (formerly known as Optima Carz Pte. Ltd.)	Incorporated in Singapore on 24 October 2014	Singapore	SGD1,000	**–**	**100%**	–	100%	Rental and leasing of cars (excluding street-hail and ride-hail service providers and online marketplaces
Optima Werkz International Pte. Ltd.	Incorporated in Singapore on 23 September 2015	Singapore	SGD10,000	**–**	**100%**	–	100%	Franchise agency services
Optima Werkz Thailand Holdings Pte. Ltd.	Incorporated in Singapore on 2 February 2020	Singapore	SGD100	**–**	**100%**	–	100%	Investment holding
Optima Werkz Myanmar Holdings Pte. Ltd.	Incorporated in Singapore on 5 July 2017	Singapore	US$1,000,000	**–**	**100%**	–	100%	Investment holding
Joy Vast Investment Limited	Incorporated in Hong Kong on 2 March 2020	Hong Kong	HK$1	**–**	**100%**	–	100%	Investment holding
深圳百年健康生物科技有限公司	Incorporated in the People's Republic of China on 27 April 2020	The People's Republic of China	Registered capital of RMB30,000,000	**–**	**100%**	–	100%	Investment holding
深圳傲迪淘車汽車貿易有限公司	Incorporated in the People's Republic of China on 19 June 2018	The People's Republic of China	Registered capital of RMB10,000,000	**–**	**100%**	–	100%	Trading of motor vehicles
湖南傲迪瑪汽車有限公司	Incorporated in the People's Republic of China on 3 February 2021	The People's Republic of China	Registered capital of RMB18,418,800	**–**	**100%**	–	100%	Trading of motor vehicles
湖南馬良數碼科技股份有限公司	Incorporated in the People's Republic of China on 17 November 2014	The People's Republic of China	Registered capital of RMB30,000,000	**–**	**53%**	–	53%	Education data collection and provision of management platform services

31. OPERATING LEASE COMMITMENTS

The Group as lessor

Certain of the Group's motor vehicles were leased to a number of customers. The rental income during the years ended 31 December 2022 and 2021 were approximately SGD3,531,000 and SGD2,505,000 respectively. As at 31 December 2022 and 2021, the minimum rent receivables of the Group under non-cancellable operating leases in respect of motor vehicles are as follows:

	2022	2021
	SGD'000	SGD'000
Not later than one year	**1,328**	181
Later than one year and not later than two years	**266**	72
Later than two years and not later than three years	**22**	17
Later than three years and not later than four years	**–**	6
	1,616	276

32. COMMITMENTS

As at 31 December 2022, the Group has purchase commitment of SGD552,000 (2021: SGD426,000) relating to new motor vehicles for car rental business.

As at 31 December 2022 and 2021, the Group did not have other significant commitments.

33. RELATED PARTY TRANSACTIONS

In addition to the transactions and balances disclosed elsewhere in the consolidated financial statements, the following transactions were carried out with related parties:

(i) Significant related party transactions

The Group did not have other significant transactions with related parties.

(ii) Compensation of key management

Remuneration of key management personnel, who are directors of the Company, during the years ended 31 December 2022 and 2021 were disclosed in Note 12.

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

The following table shows the carrying amounts of financial assets and liabilities:

	2022 **SGD'000**	2021 SGD'000
Financial assets		
Financial assets at amortised cost (Note)		
– Trade and other receivables	**2,530**	2,511
– Cash and cash equivalents	**4,768**	4,494
	7,298	7,005
Financial liabilities		
Financial liabilities at amortised cost (Note)		
– Trade and other payables	**5,572**	5,082
– Bank borrowings	**5,469**	4,500
– Lease liabilities	**4,207**	5,310
	15,248	14,892

Note:

Above financial instruments which are measured at amortised costs are not measured at fair value. Due to the effective interest rates approximate the prevailing market interest rates, the carrying values of the above financial instruments approximate their fair values.

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

The Group is exposed to a variety of financial risks which comprise credit risk, interest rate risk and liquidity risk. The Group's overall risk management focuses on the unpredictability of financial markets and seek to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by the key management under the policies approved by the board of directors. The Group does not have written risk management policies. However, the directors meet regularly to identify and evaluate risks and to formulate strategies to manage financial risks.

Generally, the Group employs a conservative strategy regarding its financial risk management. As the directors consider that the Group's exposure to financial risks is kept at a minimum level, the Group has not used any derivatives or other instruments for hedging purposes. The most significant risks to which the Group is exposed to are described below:

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk

Credit risk refers to the risk that the counterparty to a financial instrument would fail to discharge its obligation under the terms of the financial instrument and cause a financial loss to the Group.

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances. Management has a credit policy in place and the exposures to credit risk are monitored on an ongoing basis.

The Group always measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses. The Group assessed expected credit losses individually for trade receivables with significant balance and collectively that are not individually significant. The expected credit losses on individually insignificant trade receivables are estimated using a provision matrix by reference to past default experience of the debtors with changes in current market condition in which the debtors' operate. The expected credit losses also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables. Trade receivables are normally due ranged from 30 to 90 days. Normally, the Group does not obtain collateral from customers.

The Group applies the simplified approach to providing for ECLs prescribed by HKFRS 9, which permits the use of lifetime expected loss 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% (2021: 0.2%). The ECLs for trade receivables past due within 90 days is assessed to be 2% (2021: 2%) and within 180 days is assessed to be 3% (2021: 3%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 7% (2021: 7%) and over 365 days is assessed to be 13% (2021: 10%). The directors of the Company 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 the reporting date. The directors assessed the risk or probability that a credit loss will occur remained minimal and did not fluctuate significantly since the last reporting date. Moreover, the Group's operations are principally conducted in Singapore and the PRC and there has not been any significant adverse events which affected the economy of these locations during the years ended 31 December 2022 and 2021 and it is expected that their future economic conditions will continue to remain steady. The movement of loss allowance for these balances as at 31 December 2022 and 2021 is set out in Note 20.

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

The following tables provide information about the Group's exposure to credit risk and ECLs for trade receivables:

	Gross carrying amount SGD'000	Expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2022				
Collectively assessed				
Not yet past due	187	0.2	–#	187
Less than 60 days	763	2	(15)	748
61 – 90 days	141	2	(3)	138
91 – 180 days	263	3	(7)	256
181 – 365 days	60	7	(4)	56
Over 365 days	155	13	(20)	135
	1,569		(49)	1,520
Individually assessed	467	100	(467)	–
	2,036		(516)	1,520

Represents amount less than SGD1,000

	Gross carrying amount SGD'000	Expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2021				
Collectively assessed				
Not yet past due	244	0.2	–#	244
Less than 60 days	440	2	(9)	431
61 – 90 days	104	2	(2)	102
91 – 180 days	168	3	(5)	163
181 – 365 days	268	7	(18)	250
Over 365 days	69	10	(7)	62
	1,293		(41)	1,252
Individually assessed	726	100	(726)	–
	2,019		(767)	1,252

Represents amount less than SGD1,000

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

Expected loss rates are based on actual loss experience over the past 2 years. These rates are adjusted to reflect differences between economic conditions during the period over which the historic data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

There was no significant change in the gross carrying amounts of trade receivables contributed to the increase in the impairment allowance during the years ended 31 December 2022 and 2021.

For the trade receivables considered by the management to have high concentration risk, the Group has assessed that the expected credit losses for these receivables are not material under the lifetime expected credit losses method.

The Group applies the general approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the 12m ECL for the other receivables. As the end of the reporting period, the internal credit rating of other receivables amount approximately SGD 1,033,000 (2021: SGD 1,346,000) were performing. The Group considered that certain other receivables amounted approximately SGD 504,000 (equivalent to RMB2,537,000) (2021: Nil) has been a significant increase in credit risk in default occurring since initial recognition. Lifetime ECL was used to assess the allowances of such other receivables. To measure the expected credit losses, these other receivables have been based on individual risk assessment. The expected credit losses below also incorporate forward-looking information.

The following table provide information about the Group's exposure to credit risk and ECLs for other receivables:

	Gross carrying amount SGD'000	**Average expected credit losses rate %**	**Expected credit losses allowance SGD'000**	**Net carrying amount SGD'000**
As at 31 December 2022				
Individually assessed	**1,531**	**34%**	**(521)**	**1,010**

	Gross carrying amount SGD'000	Average expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2021				
Individually assessed	1,346	2%	(24)	1,322

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(a) Credit risk *(Continued)*

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The default risk of the industry and country in which customers operate also has an influence on credit risk but to a lesser extent. The concentration of credit risk due from the Group's largest debtor and five largest debtors are listed below:

	2022		2021	
	SGD'000	**% of total trade receivables**	SGD'000	% of total trade receivables
Largest debtor	**137**	**9%**	113	9%
Five debtor debtors	**508**	**33%**	462	37%

In respect of bank balances, the credit risk is limited because majority of the deposits are placed with reputable financial institutions in Singapore.

The credit policies have been consistently applied during the years ended 31 December 2022 and 2021 and are considered to be effective in managing the Group's exposure.

(b) Interest rate risk

Interest rate risk relates to the risk that the fair value or cash flows of a financial instrument will fluctuate because of changes in market interest rate. The Group's interest rate risk mainly arises from bank borrowings and lease liabilities. Borrowings arranged at variable rates expose the Group to cash flow interest rate risk.

All of the Group's bank borrowings as at 31 December 2022 bore interest at fixed rates (2021: fixed rates) whereas its lease liabilities bore interest at fixed rates. Details of bank borrowings and lease liabilities are disclosed in Notes 23 and 15(b) respectively.

The Group's bank balances also expose it to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances. The directors of the Company consider the Group's exposure to interest rate risk in respect of bank balances is not significant due to low level of deposit interest rate.

The Group currently does not have an interest rate hedging policy. However, the management closely monitors interest rate exposure and will consider hedging significant interest rate exposure should the need arise.

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(b) Interest rate risk *(Continued)*

The following sensitivity analysis demonstrates the Group's exposure to a reasonably possible change in interest rates on its floating-rate bank borrowings and lease liabilities with all other variables held constant at the end of the reporting period (in practice, the results may differ from the sensitivity analysis below and the difference could be material):

	Increase/(decrease) in net loss and decrease/(increase) in reserves	
	2022	2021
	SGD'000	SGD'000
Changes in interest rate		
+1%	**124**	71
–1%	**(124)**	(71)

The changes in interest rates do not affect the Group's other component of equity. The above sensitivity analysis is prepared based on the assumption that the borrowing period of the bank borrowings outstanding at the end of the reporting period resemble that of the corresponding financial years. The assumed changes in interest rate are considered to be reasonably possible based on observation of current market conditions and represents management's assessment of a reasonably possible change in interest rate over the period until the next annual reporting period.

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, its financing obligations and lease liabilities, and also in respect of its cash flow management. 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. The liquidity policy has been followed by the Group consistently during the years ended 31 December 2022 and 2021 is considered to be effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities including trade and other payables, bank borrowings and lease liabilities, based on undiscounted cash flows (including interest payments computed using contractual rates or if floating, based on rates ruling as at the end of the reporting period) and the earliest date the Group can be required to pay.

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(c) Liquidity risk *(Continued)*

	Carrying amount SGD'000	Total contractual undiscounted cash flow SGD'000	Within 1 year or on demand SGD'000	More than 1 year but less than 2 years SGD'000	More than 2 years but less than 5 years SGD'000	More than 5 years SGD'000
As at 31 December 2022						
Trade and other payables	**5,572**	**5,653**	**4,133**	**1,520**	**–**	**–**
Bank borrowings	**5,469**	**5,754**	**1,584**	**1,584**	**2,586**	**–**
Lease liabilities	**4,207**	**4,464**	**1,945**	**969**	**1,496**	**54**
	15,248	**15,871**	**7,662**	**4,073**	**4,082**	**54**

	Carrying amount SGD'000	Total contractual undiscounted cash flow SGD'000	Within 1 year or on demand SGD'000	More than 1 year but less than 2 years SGD'000	More than 2 years but less than 5 years SGD'000	More than 5 years SGD'000
As at 31 December 2021						
Trade and other payables	5,082	5,208	5,208	–	–	–
Bank borrowings	4,500	4,784	675	1,183	2,926	–
Lease liabilities	5,310	5,551	3,128	1,477	946	–
	14,892	15,543	9,011	2,660	3,872	–

(d) Currency risk

The Group mainly located in Singapore with most of the transactions settled in SGD and did not have significant exposure to risk resulting from changes in foreign currency exchange rate.

(e) Capital management

The Group's capital management objectives are to safeguard the Group's ability to continue as a going concern in order to provide returns to shareholders and benefits for other stakeholders, to maintain an optimal capital structure, to reduce the cost of capital and to support the Group's stability and growth.

The Group monitors capital using gearing ratio, which is total debts to equity. Management of the Group considered total debts represented loans from external parties, which include bank borrowings, financial lease obligations and lease liabilities. Equity represents total equity of the Group.

The directors of the Company actively and regularly review and manage the Group's capital structure, taking into consideration the future capital requirements of the Group, to ensure optimal shareholders' returns. The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, raise new debts or sells assets to reduce debts.

35. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT *(Continued)*

(e) Capital management *(Continued)*

The gearing ratios as at 31 December 2022 and 2021 were as follows:

	2022 SGD'000	2021 SGD'000
Bank borrowings, secured	**5,469**	4,500
Lease liabilities	**4,702**	5,310
Short-term loans	**2,690**	2,622
Total debts	**12,861**	12,432
Total equity	**8,351**	10,623
Gearing ratio	**1.54 times**	1.2 times

36. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statements of cash flows from financing activities.

For the year ended 31 December 2022	At the beginning of the year SGD'000	Lease commencement SGD'000	Lease termination SGD'000	Interest accrued SGD'000	Interest paid under operating cash flows SGD'000	Financing cash flows SGD'000	Exchange realignment SGD'000	At the end of the year SGD'000
Lease liabilities	5,310	2,105	(8)	194	(194)	(3,199)	(1)	4,207
Bank borrowings, secured	4,500	–	–	154	(154)	969	–	5,469
Short-term loans	2,622	–	–	85	–	59	(76)	2,690

For the year ended 31 December 2021	At the beginning of the year SGD'000	Lease commencement SGD'000	Lease modification SGD'000	Interest accrued SGD'000	Interest paid under operating cash flows SGD'000	Financing cash flows SGD'000	At the end of the year SGD'000
Lease liabilities	7,005	1,885	(3)	245	(245)	(3,577)	5,310
Bank borrowings, secured	637	–	–	68	(68)	3,863	4,500
Short-term loans	413	–	–	100	–	2,109	2,622

37. COMPARATIVE FIGURES

Certain comparative figures are reclassified to conform with the current year's presentation.

Summary of Financial Information

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from this annual report and the accountants' report on historical financial information of the Group as contained in the Prospectus.

RESULTS:

	Years ended 31 December				
	2022	2021	2020	2019	2018
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	**81,575**	57,144	22,297	16,634	17,985
(Loss)/Profit before income tax expense	**(1,929)**	(447)	(658)	(1,981)	93
Income tax credit/(expense)	**88**	(212)	(131)	(176)	(336)
Loss and total comprehensive income for the year	**(2,272)**	(1,248)	(794)	(2,157)	(243)

ASSETS AND LIABILITIES:

	As at 31 December				
	2022	2021	2020	2019	2018
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Total non-current assets	**15,198**	15,884	14,050	12,292	10,532
Total current assets	**10,410**	11,887	8,514	10,942	9,221
Total current liabilities	**9,336**	10,823	7,575	7,149	6,610
Total non-current liabilities	**7,921**	6,325	4,061	4,363	6,238
Total equity	**8,351**	10,623	10,928	11,722	6,905