ZHONGSHI MINAN HOLDINGS LIMITED

中食民安控股有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8283

2022 Annual Report

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CONTENTS

CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. WANG Lei
(Co-Chairman and Chief Executive Officer)
(appointed on 9 February 2022)
Mr. FENG Wei *(Co-Chairman)*
Mr. CHUA Boon Hou (CAI Wenhao)
Ms. WU Lili *(appointed on 30 June 2022)*
Mr. YAN Jianqiang
(Co-Chairman and Chief Executive Officer)
(resigned on 9 February 2022)

NON-EXECUTIVE DIRECTORS

Mr. WANG Bing
Mr. ZHAO Yanjiao *(appointed on 30 June 2022)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Huichun
Mr. GAO Yan *(appointed on 30 June 2022)*
Mr. ZHAO Wei
Mr. LEUNG Yiu Cho *(resigned on 30 June 2022)*

AUDIT COMMITTEE

Mr. GAO Yan *(Chairman) (appointed on 30 June 2022)*
Mr. CHEN Huichun
Mr. ZHAO Wei
Mr. LEUNG Yiu Cho *(resigned on 30 June 2022)*

REMUNERATION COMMITTEE

Mr. GAO Yan *(Chairman) (appointed on 30 June 2022)*
Mr. WANG Lei *(appointed on 9 February 2022)*
Mr. ZHAO Wei
Mr. LEUNG Yiu Cho *(resigned on 30 June 2022)*
Mr. YAN Jianqiang *(resigned on 9 February 2022)*

NOMINATION COMMITTEE

Mr. ZHAO Wei *(Chairman)*
Mr. CHEN Huichun
Mr. WANG Lei *(appointed on 9 February 2022)*
Mr. YAN Jianqiang *(resigned on 9 February 2022)*

RISK MANAGEMENT COMMITTEE

Mr. ZHAO Wei *(Chairman)*
Mr. CHUA Boon Hou (CAI Wenhao)
Mr. WANG Lei *(appointed on 9 February 2022)*
Mr. YAN Jianqiang *(resigned on 9 February 2022)*

COMPLIANCE OFFICER

Mr. CHUA Boon Hou (CAI Wenhao)

COMPANY SECRETARY

Mr. LO Kam Tai *(appointed on 30 June 2022)*
Mr. WONG Cheung Ki Johnny, *FCPA, FCG (CS, CGP), HKFCG (CS, CGP)* *(resigned on 30 June 2022)*

AUTHORISED REPRESENTATIVES

Mr. CHUA Boon Hou (CAI Wenhao)
Mr. LO Kam Tai *(appointed on 30 June 2022)*
Mr. WONG Cheung Ki Johnny, *FCPA, FCG (CS, CGP), HKFCG (CS, CGP)* *(resigned on 30 June 2022)*

AUDITOR

CCTH CPA Limited
Certified Public Accountants
Unit 1510–1517, 15/F, Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road, Kwai Chung
New Territories, Hong Kong

PRINCIPAL BANKS

DBS Bank Limited
United Overseas Bank Limited
China Merchants Bank

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

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

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

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

Room E, 15th Floor
Leahander Centre
28 Wang Wo Tsai Street
Tsuen Wan, New Territories
Hong Kong

STOCK CODE

8283

COMPANY'S WEBSITE ADDRESS

www.zhongshiminanholdings.com

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors (the "Board") of Zhongshi Minan Holdings Limited (the "Company") and its subsidiaries (the "Group"), I am pleased to present the annual results of the Group for the year ended 31 December 2022.

Revenue of the Group increased by approximately S$3.4 million or 16.6% from approximately S$20.2 million for the year ended 31 December 2021 to approximately S$23.6 million for the year ended 31 December 2022. The increase in revenue is mainly attributable to the increase in revenue from our car service stream operation in Singapore of S$1.2 million and new revenue stream from our new venture in Mainland China of selling kitchen appliances and food of approximately S$2.2 million.

The Group recorded a loss for the year ended 31 December 2022 of approximately S$0.1 million compared to loss of approximately S$0.5 million recorded for the year ended 31 December 2021. The reduction of loss was largely due to (i) increase in sales of our existing business operations in Singapore; (ii) gain from disposal of a subsidiary; and (iii) decrease in depreciation of properties, plant and equipment expense.

The automobile market in Singapore continue to face uncertainty due to the car and motorcycle zero growth policy with effect from February 2018. Based on Annual Vehicle Statistic 2022 issued by Land Transport Authority of Singapore ("LTA"), as at 31 December 2022, there are 995,746 of total motor vehicles in Singapore. The Group will continuing leveraging on our strengths – our service, our brands and our talents, to remain competitive in the marketplace and acquire more market shares from our competitors in Singapore.

In 2022, travel restrictions around the world are gradually lifted and we saw return of business and holiday travel. As Singapore continues to recover from the COVID-19 pandemic, the high-income economy and influx of high-net worth immigrants to the country has contributed to a higher demand and premium for luxury cars. The government also implemented several measures to support and promote sustainable transportation including tax incentives for electric vehicles and expansion of charging infrastructure for electric vehicles. With more established infrastructure and policies to support the use of greener vehicles, we expect greater innovation and more investments in the motor industry to cater for the changing consumer demands and market conditions.

At the same time, the volatile market environment and geo-political tensions brought additional challenges for business. With the interest rate hikes, global inflation and increasing energy prices, business operating environment remains highly challenging. Our group remains confident to stay ahead of the competitions and optimistic of the growth and opportunities our new business ventures may bring.

On behalf of the Board, I would like to take this opportunity to express my sincere gratitude to all the employees and management team, customers, shareholders and business associates for the support throughout the years. I look forward to celebrating another year of success with all of you.

Yours sincerely,
WANG Lei
Co-Chairman, Chief Executive Officer and Executive Director

28 March 2023

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

The Company is an investment holding company. The Company's subsidiaries are principally engaged in the passenger car service industry and offer a comprehensive range of passenger car services including: (1) maintenance and repair of services; (2) modification, tuning and grooming services; (3) provision of extended warranty program; and (4) development, manufacturing and sale of smart kitchen appliances segment.

The Group continued to maintain its position as a leading passenger car service provider in Singapore in 2022. The Group revenue has increased by approximately S$3.4 million or 16.6% from approximately S$20.2 million for the year ended 31 December 2021 to approximately S$23.6 million for the year ended 31 December 2022. Revenue from our car service operations in Singapore increased by S$1.2 million to S$21.4 million. Furthermore, our new venture in Mainland China contributed S$2.2 million to the Group's revenue by selling kitchen appliances and food.

The Group recorded a loss for the year ended 31 December 2022 of approximately S$0.1 million as compared to a loss of approximately S$0.5 million for the year ended 31 December 2021. The reduction of loss was largely due to the (i) better sales performance of our business operations; (ii) a S$0.5 million gain from disposal of a subsidiary; and (iii) decrease in depreciation of properties, plant and equipment of approximately S$0.4 million.

The Group is a leading automotive service provider in Singapore. We have over 19 years of experience in the passenger car service industry and offer a comprehensive range of passenger car services. Our passenger car services in Singapore mainly including (i) maintenance and repair services; and (ii) modification, tuning and grooming services. These two services contributing approximately 90% or S$21.2 million of total revenue in 2022 (2021: 99% or S$20.1 million) and will continue to be a key focus of the group. During the year ended 31 December 2022, the Group ventured into the business engaging in development, manufacturing and sale of smart kitchen appliances in the PRC. This new business segment contributed to approximately 9% of total revenue in 2022.

Our automotive operations have the capability to maintain and repair a wide range of brands of passenger cars in Singapore and are equipped with diagnostic equipment for carrying out such services. We modify and tune mainly luxury and ultra-luxury passenger cars, providing services ranging from aesthetic modifications including installing body kits, to performance modifications including lowering the suspension of passenger cars and replacing the engine control unit. We also sell passenger car spare parts and accessories in Singapore and export to other countries, such as Malaysia, Indonesia, United Kingdom, the PRC and Thailand.

OUTLOOK

The global economy started 2022 with an optimistic note as WHO acknowledged that the pandemic is nearing a turning point, signaling that the global COVID-19 emergency may be ending soon. Countries were easing COVID-19 restrictions and travel rules, navigating its way out of this pandemic. This however, was greatly dampen by the geopolitical tensions, Ukraine war, and worsened the already chaotic supply chain, raw material crunch, fueling global inflation. Despite the slowdown in economic activities, central banks continued hiking interest rates to control the inflation.

Boosted by easing of COVID-19 restrictions and travel rules in Singapore, the recovery in service sector in FY2022 had been encouraging despite the challenging manpower crunch. The reopening of Singapore's border and influx of high-net-worth individuals and family offices resulted in increasing demand for new car sales. The Certificate of entitlement (COE) premiums ended the year with an all-time high in December 2022, driven by increasing demand for larger and more powerful electric vehicles (EV) against the tight supply of COEs. Under the government's zero-growth policy for cars, this means that the number of COE quotas issued is constrained by the number of old COEs deregistered. As at 31 December 2022, the total number of motor vehicle population stood at 995,746 of which 650,667 are cars and private hire cars (source: https://www.lta.gov.sg).

Further, under the Singapore Green Plan 2030, all new cars and taxi registrations will be of cleaner-energy models from 2023 and a comprehensive EV Roadmap to drive EV adoption was been set out. A target of 60,000 EV charging points to be installed by 2030 to ensure accessibility of charging infrastructure to encourage EV adoption. This includes 40,000 charging points in public carparks and 20,000 charging points in private premises. Every HDB town will also be an EV-Ready Town, with approximately 2,000 carparks to be equipped with charging points by 2025. The EV Early Adoption Incentive (EEAI), Vehicular Emissions Scheme (VES), and EV Common Charger Grant (ECCG) were introduced to incentivise and encourage motorists to switch to EVs. The Government's initiatives to gradually phase out internal combustion engines car to electric car by 2040 is unlikely to have a significant impact to the Group's business in the next 5 years as petrol-driven cars still make up the majority of cars on the road. Despite aforesaid, in preparation for the market developments, the Group will continue to pursue technological advancement in both repair equipment and new vehicle type to ensure that our technicians continuously upgrade their skills and technical knowledge in order for them to be able to service a wide range of brands of passenger cars. The Group is also constantly looking for new business opportunity to widen their product range and service offerings in Singapore and overseas.

In relation to the new smart kitchen segment, the Group in the future will implement a development model with multiple concurrent businesses, including offline retail stores, food delivery, small vegetable packaging, restaurant brand incubation, and SaaS+ empowerment. By integrating industry SaaS+ services, the Group will build a complete vertical management system and commercial empowerment system, providing a full range of solutions from procurement, production, to sales for more channels and traditional enterprises. In the future, the company's business scope will continue to expand, with an aim to become leading platform for global prefabricated vegetable industry SaaS+ services.

Moving forward, against a backdrop of a weaker global economic outlook in 2023, hampered by inflation hikes and aggressive monetary policy tightening by major central banks, our Group remains cautious and will continue to focus on customer service and retention and acquire new customers through new products and services.

FINANCIAL REVIEW

REVENUE

Revenue of the Group increased by approximately S$3.4 million or 16.6% from approximately S$20.2 million for the year ended 31 December 2021 to approximately S$23.6 million for the year ended 31 December 2022. Revenue from our Singapore operations increased by S$1.2 million to S$21.4 million. Whereas revenue from our new business in Mainland China has contributed S$2.2 million to the Group's revenue by selling food and kitchen appliances.

OTHER INCOME

Our other income increased by approximately S$0.4 million or 55.9% from approximately S$0.7 million for the year ended 31 December 2021 to approximately S$1.1 million for the year ended 31 December 2022. The substantial increase was mainly attributed to the gain on disposal of a subsidiary amounted to S$0.5 million, which was offset by a decrease of S$0.1 million in government grants as a result of lesser grants given by the local governments in response to the impact brought by COVID-19 pandemic as compared to prior year.

COST OF MATERIALS

Cost of materials increased by approximately S$1.9 million or 17.7% from approximately S$10.8 million for the year ended 31 December 2021 to approximately S$12.7 million for the year ended 31 December 2022. The increase in cost of materials was in line with the increase in revenue.

EMPLOYEE BENEFITS EXPENSE

Employee benefits expense increased by approximately S$0.6 million or 9.6% from approximately S$6.4 million for the year ended 31 December 2021 to approximately S$7.0 million for the year ended 31 December 2022. The slight increase in our employee benefit expenses was primarily due to yearly salaries increment and addition of new workforce to support the growth of our business including our new venture in Mainland China.

DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT

Depreciation of property, plant and equipment decreased by approximately S$0.4 million or -26.3% from approximately S$1.6 million for the year ended 31 December 2021 to approximately S$1.2 million for the year ended 31 December 2022. The decrease was mainly due to more assets being fully depreciated at the beginning of the year.

FINANCE COSTS

Finance costs decreased by approximately S$0.1 million or -51.0% from approximately S$0.2 million for the year ended 31 December 2021 to approximately S$0.1 million for the year ended 31 December 2022. The decrease was attributable to lesser outstanding bank borrowings after loan settlement and the finance costs linked to the lease liabilities gradually decreased towards the end of the lease term.

LOSS FOR THE YEAR

The Group recorded a loss for the year ended 31 December 2022 of approximately S$0.1 million as compared to a loss of approximately S$0.5 million for the year ended 31 December 2021. The reduction of loss was largely due to (i) increase in sales of our existing business operations in Singapore; (ii) a S$0.5 million gain from disposal of a subsidiary; and (iii) decrease in depreciation of properties, plant and equipment of approximately S$0.4 million.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

CASH POSITION

The cash and bank balances amounted to approximately S$3.0 million and S$4.1 million as at 31 December 2022 and 2021 respectively. The functional currency of the Group is the Singapore dollar. As at 31 December 2022, 97.9% of the Group's cash and bank balances was denominated in the functional currency (31 December 2021: 99.7%) and the remaining 2.1% (31 December 2021: 0.3%) in other currencies, mainly the Hong Kong dollar and Renminbi.

GEARING RATIO

Gearing ratio is measured by interest-bearing bank and other borrowings divided by the total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratio is 0.3 as at 31 December 2022 (31 December 2021: 0.4).

RISK OF EXCHANGE RATE FLUCTUATION

The Group has currency exposures arising from sales, purchases and interest-bearing bank and other borrowings that are denominated in a currency other than the functional currency of the Group. No hedge has been taken up to mitigate this exposure.

CHARGE ON ASSETS

As at 31 December 2022, the Group's long term loans are secured by a legal mortgage of the Group's freehold property which had a carrying amount of approximately S$2.1 million (2021: approximately S$2.1 million).

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2022, the Group had a total number of 144 full-time employees (31 December 2021: 160). The remuneration packages of all employees are determined based on factors such as the employees' individual qualifications, contribution to the Group, performance and years of work experience. The Group provides ongoing training to the staff in order to enhance their technical skills and product knowledge and to provide them with updates with regards to industry quality and work safety standards.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS OR DISPOSAL OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

On 30 May 2022, an indirect wholly-owned subsidiary of the Company, World Brilliant Investment Limited, entered into a sale and purchase agreement with an independent third party to dispose of 100% interest in Shenzhen Dacheng Technology Limited at a consideration of Nil. The disposal was completed on 30 May 2022.

Except on disclosed herein, the Group did not have any significant investments during the year ended 31 December 2022 and did not have any material acquisition and disposal of subsidiary, associates or joint ventures during the year ended 31 December 2022.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS AND EXPECTED SOURCES OF FUNDING

As at the date of this report, the Board does not have any plan for material investments or capital assets.

CONTINGENT LIABILITIES

The Group had no material contingent liabilities as at 31 December 2022 (2021: Nil).

DIRECTORS AND SENIOR MANAGEMENT

The Board currently consists of 9 Directors, comprising 4 Executive Directors, 2 Non-Executive Directors and 3 Independent Non-Executive Directors. The functions and duties of the Board include convening shareholders' meetings, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the articles of association of the Company (the "Articles of Association").

EXECUTIVE DIRECTORS

Mr. WANG Lei (王雷) ("Mr. Wang"), aged 35, was appointed as the co-chairman of the Board, the chief executive officer and executive Director as recommended by the nomination committee (the "Nomination Committee") of the Company and approved by the Board on 9 February 2022. He is a member of each of the remuneration committee (the "Remuneration Committee"), the Nomination Committee and the risk management committee (the "Risk Management Committee") of the Company.

Mr. Wang has extensive management experience in companies engaged with online and technology businesses. From 2014 to 2015, he was the chief executive officer of Beijing Qiuyouquan Technology Company Limited* (北京球友圈網路科技有限責任公司), mainly responsible for promoting online booking systems with respect to different sports activities. During the period from 2016 to 2017, Mr. Wang was the director of the car sharing department of Beijing Electric Vehicle Co., Ltd.* (北京新能源汽車股份有限公司) and was responsible for the management and coordination of the online electric car sharing platform. From 2017 to 2019, Mr. Wang has become the general manager of Beijing Zhicai Technology Company Limited* (北京智栽科技有限公司) and was responsible for the company's overall management and researches on products (including but not limited to pre-packaged food and smart electrical appliances).

Save as disclosed above, Mr. Wang does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. FENG Wei (馮為) ("Mr. Feng"), aged 33, was appointed as the co-chairman of the Board and executive Director as recommended by the Nomination Committee and approved by the Board on 30 December 2021.

Mr. Feng has extensive experience in financial service industry. From 2013 to 2014, he was independent financial director in Convoy Global Holdings Limited (康宏環球控股有限公司), mainly responsible for promoting financial investment by mining high net worth customers. During the period from 2014 to 2016, Mr. Feng was a fund manager in Innoway Wealth Asset Management Co., Ltd. (英諾威財富資產管理有限公司) and was responsible for project valuation due diligence, leading fund company establishment, fund product design and filing, drafting of related fund-raising materials, and assisting in the development of contract work. He then worked in Shenzhen Honghai Global Holdings (Group) Co., Ltd. (深圳市鴻海環球控股集團有限公司) as senior investment manager from 2016 to 2019 and was responsible for strategic deployment and investment in areas such as smart parks, logistics and warehousing technology, and supply chains. Mr. Feng was the chief investment officer in Shenzhen Jasons Consulting Co., Ltd. (深圳杰晟思顧問有限公司), mainly responsible for contracting and implementation of various consulting projects, involving the establishment of corporate structures, incentive planning, corporate investment and financing management, and fiscal and taxation law consulting, etc. from 2019 to 2020, and then he has been deputy general manager since 2020, mainly responsible for the layout of the financial technology field, leading the development of consulting services for mainland companies in Hong Kong IPOs and mergers and acquisitions and the establishment of offshore investment funds.

Mr. Feng graduated from The Australian National University and obtained a degree of bachelor of engineering with honours and a degree of master of financial management in 2012 and 2013 respectively. He has been a Financial Risk Manager of Global Association of Risk Professionals since 2021.

Save as disclosed above, Mr. Feng does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. CHUA Boon Hou (CAI Wenhao) (蔡文豪) ("Mr. Chua"), aged 50, is the Chief Operating Officer and an Executive Director. He is primarily responsible for the management and operation of the Group such as implementing strategic management and monitoring key performance indicators of the Group. His other responsibilities include the day-to-day management of the operational aspects of both KBS Motorsports Pte. Ltd. and MBM Wheelpower Pte. Ltd.. He currently heads the human resource department of the Group and is responsible for the recruitment of new talents into the Group. Mr. Chua was appointed to the Board on 13 April 2016. He is also a member of the Risk Management Committee and the compliance officer of the Company. He has over 13 years of experience in the automobile industry.

Mr. Chua graduated from Nanyang Technological University, Singapore, in January 1997 with a degree of bachelor of business. Shortly after his graduation, Mr. Chua obtained a diploma in life insurance from the Singapore College Insurance in May 1999. Besides being a Fellow to the Life Management Institute (FLMI) in May 1997, he also became an associate to the Academy of Life Underwriting (AALU) in July 2006. Prior to joining the Group in April 2008, Mr. Chua had experience with several insurance companies including Great Eastern Life Insurance, Prudential Assurance Company Singapore (Pte) Limited and NTUC Income Insurance Co-operative Limited.

In view of his work experience, Mr. Chua was invited to the Group as an administrative manager in charge of the administration and customer services of the Group in April 2008. Over the years, he rose steadily through the ranks becoming our human resource manager in January 2012 and appointed as our chief operating officer in December 2015 in recognition for his continuous contribution to the Group.

Save as disclosed above, Mr. Chua does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Ms. WU Lili (吳麗麗) ("Ms. Wu"), aged 40, was appointed as the executive Director as recommended by the Nomination Committee and approved by the Board on 30 June 2022.

Ms. Wu obtained a bachelor's degree of Business Administration from Renmin University of China* (中國人民大學) in 2013, has more than 10 years of experiences on technology industries and management of e-commerce corporations. From January 2015 to August 2016, she was the chief operating officer of Lehui Life (Beijing) Technology Services Company Limited* (樂惠生活(北京)科技服務有限公司). She was one of the joint founders of Beijing Zhicai Technology Company Limited* (北京智裁科技有限公司) ("Beijing Zhicai"), and from September 2016 to June 2019, she was the chief operating officer of Beijing Zhicai. She is one of the joint founders of Hanzhou Xiaotianluo Food Technology Company Limited* (杭州小田螺食品科技有限公司) ("Hanzhou Xiaotianluo"), and from June 2019 to March 2021, she has been the chief operating officer of Hanzhou Xiaotianluo.

Save as disclosed above, Ms. Wu does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

NON-EXECUTIVE DIRECTORS

Mr. WANG Bing (王兵) ("Mr. Wang"), aged 56, was appointed as non-executive Director as recommended by the Nomination Committee and approved by the Board on 30 December 2021.

Mr. Wang has over 30 years of experience in scientific research and chemical industry. From 1990 to 1994, he was an engineer in Shenyang Research Institute of Chemical Industry* (沈陽化工研究院). From 1997 to 2001, Mr. Wang worked as a researcher in Soken Chemical & Engineering Co., Ltd. (綜研化學株式會社) (stock code: 4972), a company listed on JASDAQ. He later worked in FS Division of Shiseido Company, Limited (株式會社資生堂) (stock code: 49110), a company listed on JASDAQ, as researcher from 2001 to 2003. Mr. Wang served as general manager in Beijing Taikemei Technology Co., Ltd.* (北京泰克美高新技術有限公司) from 2002 to 2009 and then has been the chairman since 2009. During the period from 2010 to 2014 he was a special advisor of Shiseido Company, Limited (株式會社資生堂).

Mr. Wang graduated from Gunma University in Japan and obtained a degree of master of biochemical engineering in 1997. He was granted 13 patents on inventions, new models and appearance.

Save as disclosed above, Mr. Wang does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. ZHAO Yanjiao (趙延嬌) ("Mr. Zhao"), aged 38, was appointed as non-executive Director as recommended by the Nomination Committee and approved by the Board on 30 June 2022.

Mr. Zhao has more than 4 years of experiences on food industries with respect to technology. From October 2017 to January 2019, he was the chief product development officer of Beijing Zhicai. Mr. Zhao is one of the joint founders and has been chief development officer of Hanzhou Xiaotianluo from February 2019 to March 2021.

Mr. Zhao is currently pursuing a degree programme in Business Administration at the Open University of China* (國家開放大學).

Save as disclosed above, Mr. Zhao does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Huichun (陳回春) ("Mr. Chen"), aged 50, was appointed as an Independent Non-Executive Director of the Company on 11 September 2019. He is also a member of the Nomination Committee and the Audit Committee.

Mr. Chen is an entrepreneur with extensive experience in the real estate industry in mainland China. In July 2018, Mr. Chen completed a business administration programme and obtained a Bachelor's degree in Management from 西北民族師範學院 (Northwest Minzu Normal University*). In the past over ten years, he has established a number of real estate companies, such as 鞍山市共榮房地產開發有限責任公司 (Anshan City Gongrong Real Estate Development Co., Ltd.*), 鞍山市共成房地產開發有限公司 (Anshan City Gongcheng Real Estate Development Co., Ltd.*) and 鞍山市共富房地產開發有限公司 (Anshan City Gongfu Real Estate Development Co., Ltd.*), in which he played a leading role. Mr. Chen has extensive management experience in the real estate field and a continuing and firm vision for investment. Coupled with his excellent management capability, he is an outstanding and successful entrepreneur. Mr. Chen is currently involved in the field of new energy vehicles and is committed to contributing to the economic development and the construction of green homes of Anshan City.

Save as disclosed above, Mr. Chen does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. GAO Yan (高岩) ("Mr Gao"), aged 57, was appointed as an Independent Non-Executive Director as recommended by the Nomination Committee and approved by the Board on 30 June 2022. He is also the Chairman of the Audit Committee and the Remuneration Committee.

Mr. Gao Yan has more than 34 years of extensive experiences covering education, marketing analysis, finance and investment management. From September 1988 to September 1990, he was a teacher in the faculty of mathematics in Beijing Wuzi University. During the period from July 1995 to March 1996, Mr. Gao was an intern analyst in high yield bond research department of Merrill Lynch & Co. Inc. From March 1996 to September 1997, he was Asian market analyst of Cathay Financial LLC. During the period from September 2001 to September 2003, Mr. Gao was visiting assistant professor of The City University of New York, Baruch College. He was assistant professor of California State University, Los Angeles and China Europe International Business School, Shanghai from September 2003 to September 2004 and from September 2004 to September 2010 respectively. Mr. Gao then was a partner of Guizhou Tongsheng Shifu Equity Investment Management Co., Ltd. from December 2012 to June 2017. During the period from December 2013 to January 2019, he was the general manager, director and one of the founders of Beijing Zhigan Sensor Research Institute Co., Ltd. From July 2016 to June 2018, Mr. Gao was the managing director of Beevest Securities Limited.

Mr. Gao has been the deputy director, Center for Innovation and Entrepreneurship and a professor of management practice of Beijing University, Guanghua School of Management since January 2014. He has been a partner of KEII Business Consulting Co., Ltd. since March 2017 and an investment partner of TDRH Capital Co., Ltd. since November 2020. Mr. Gao was appointed as independent director of Sino Medical Sciences Technology Inc. (Stock Code: 688108.SH), a company listed on the Shanghai Stock Exchange, on 19 June 2020.

Mr. Gao is the Chartered Financial Analyst since September 2003. He was the vice chairman of The Chinese Finance Association. Mr. Gao received a bachelor's degree of Computational Mathematics from Beijing University in 1988 and a master's degree of Mathematics from Michigan State University in 1992. He completed a doctor of management program and MBA course from The City University of New York, Baruch College in 1995. Mr. Gao was conferred the degree of doctor of philosophy from Northwestern University in 2002. He also received a degree of doctor of finance from Northwestern University, Kellogg School of Management in 2002. Mr. Gao completed independent director qualification training organized by the Shanghai Stock Exchange in 2020.

Save as disclosed above, Mr. Gao does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

Mr. ZHAO Wei (趙為) ("Mr. Zhao"), aged 58, is an Independent Non-Executive Director of the Company. Mr. Zhao was appointed to the Board on 20 October 2021. He is also the chairman of the Nomination Committee and the Risk Management Committee, and a member of the Audit Committee and the Remuneration Committee.

Mr. Zhao has over 30 years of experience in the information technology service industry, especially computer software. He has served as the executive president of Jinling Huasoft Investment Fund* (金陵華軟投資基金) since 2013. Mr. Zhao graduated from Peking University* (北京大學) and obtained a bachelor's degree and a master's degree on computer science with a major of software engineering in 1988 and 1991 respectively.

Save as disclosed above, Mr. Zhao does not hold any other position with the Company and other members of the Group and does not have any relationship with any directors, senior management or substantial or controlling shareholder of the Company.

SENIOR MANAGEMENT

Ms. YANG Ruiping (楊鋭萍) ("Ms. Yang"), aged 36, joined the Group on 15 February 2019 as the financial controller and was appointed as the Chief Financial Officer of the Company on 10 May 2019. She has 13 years experiences in finance and audit work with hands-on experience in corporate financial management. She had served in various companies including 河南萬豐會計師事務所 (Henan Wanfeng Accounting Firm*), 永發（河南）模塑科技發展有限公司 (Wingfat (Henan) Molded Fiber Technology Development Co., Ltd*) and 河南東方禦道實業有限公司 (Henan Dongfang Yudao Industry Development Co., Ltd.*), where she was responsible for comprehensive financial management in areas such as overall corporate financial audit and budget. She has extensive practical experience in organization and management framework design in corporate finance, financial internal control system development, comprehensive budget management, cost control, financial analysis and capital management. Ms. Yang holds a bachelor's degree in managerial economics from Zhengzhou University of Light Industry. Ms. Yang is a practicing member of Chinese Institute of Certified Public Accountants.

COMPANY SECRETARY

Mr. LO Kam Tai (盧錦泰) ("Mr. Lo"), aged 34, joined the Group on 30 June 2022 as the company secretary of the Company (the "Company Secretary").

Mr. Lo, aged 34, holds a bachelor degree of business administration and is a member of the Hong Kong Institute of Certified Public Accountants. Mr. Lo has extensive experience in auditing, accounting and corporate compliance. Mr. Lo is currently a director of a corporate professional service firm in Hong Kong. Mr. Lo is not a full time employee of the Company, the primary person at the Company whom Mr. Lo shall be contacted in respect of company secretarial matters is Ms. Wu, the executive Director.

COMPLIANCE OFFICER

Mr. CHUA Boon Hou (CAI Wenhao) ("Mr. Chua") is an Executive Director and the compliance officer of the Company. Please refer to Mr. Chua's biography as disclosed in the paragraph headed "Executive Directors" in this section of this annual report.

* *For identification purpose only*

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

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

Pursuant to code provision C.2.1 of the Corporate Governance Code as set out in Appendix 15 of the GEM Listing Rules (the "CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. WANG Lei is currently a Co-Chairman and the Chief Executive Officer of the Group. The Board believes that vesting the roles of both co-chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Directors consider that throughout the year ended 31 December 2022, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

PURPOSE, VALUES AND STRATEGY

The Company has the purpose of exceling in its traditional car service industry and its new smart kitchen appliances industry. When maintaining the competitive advantage of its traditional business, the Company strategically expands its business by diversifying into new industry and into new geographical locations. The core value of the Company is to provide the best experience to its customers and to enhancing shareholder value.

To achieve the above, the Board promotes a dedicated culture to serve with highest standard and integrity in the Group's daily operations, and cultivated a competent and committed team.

BOARD DIVERSITY POLICY

The Board has adopted a policy of the Board diversity (the "Board Diversity Policy") which sets out the approach to achieve diversity on the Board. Under the Board Diversity Policy, the Company considers diversity of Board members to be achieved through consideration of a number of aspects, including but not limited to, gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments are based on merit, and candidates are considered against objective criteria, having due regard for the benefits of diversity on the Board.

The Nomination Committee is responsible for reviewing and monitoring the implementation of the Board Diversity Policy to ensure the effectiveness of the Board Diversity Policy.

As at the date of this report, the Board comprises nine Directors. Three of the Directors are independent non-executive Directors and independent of management, thereby promoting critical review and control of the management process. The Board believes that gender diversity is a representing manifestation of Board diversity, among all other measurable objectives. While the Board has a domination of male composition, the Company has one female Director achieving a female representation in the Board. The Board is of the view that the existing gender diversity in respect of the Board is sufficient, and that the nomination policy of the Company can ensure that there will be a pipeline of potential successors to the Board which continues the existing gender diversity in the Board. The Board is also characterised by significant diversity, whether considered in terms of professional background and skills.

As at 31 December 2022, the gender ratio of the Group's workforce was approximately 72% male to 28% female due to car industry traditionally has less female participants. The Company's hiring is merit-based and non-discriminatory. The Board is satisfied that the Company has achieved gender diversity in its workforce.

NOMINATION POLICY

The Company adopted a nomination policy on 15 March 2019, which establishes written guidelines to Nomination Committee to identify individuals suitably qualified to become Board members and make recommendations to the Board on the selection of individuals nominated for directorships with reference to the formulated criteria. The Board is ultimately responsible for selection and appointment of new Directors. The Board, through the delegation of its authority to the nomination committee, has used its best efforts to ensure the Board has a balance of skills, experience, and diversity of perspectives appropriate to the requirements of the Company's business. Collectively, they have competencies in areas which are relevant and valuable to the Group.

DIVIDEND POLICY

The Company adopted a dividend policy on 15 March 2019 in deciding whether to propose a dividend and in determining the dividend amount, the Board shall take into account, among other things, the following factors:

(a) the Company's current and future operations, actual and expected financial performance;

(b) any corporate development plans;

(c) the Group's liquidity position, working capital and capital expenditure requirements and future expected capital needs;

(d) the level of the Group's debt to equity ratio, return on equity and the relevant financial covenants;

(e) any restrictions on payments of dividends that may be imposed by the Group's lenders or other third parties;

(f) retained earnings and distributable reserves of the Company and each of the members of the Group;

(g) general economic conditions, the business cycle of the Group's business and other internal and external factors that may have an impact on the business or financial performance and position of the Company; and

(h) any other factor that the Board deems appropriate and relevant.

The recommendation of the payment of dividend is subject to the determination of the Board, and, any declaration of final dividend for the year will be subject to the approval of the shareholders. The payment of dividend is also subject to any restrictions under the Companies Law of the Cayman Islands and any other applicable laws, rule and regulations and amended and restated memorandum and articles of association of the Company.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Model Code"). The Company had made specific enquiries with written guidelines in relation to the Model Code to all Directors and all Directors have confirmed that they complied with the required standards set out in the Model Code for the year ended 31 December 2022.

THE BOARD

The Directors of who held office during the year ended 31 December 2022 and up to the date of this annual report were:

EXECUTIVE DIRECTORS

Mr. WANG Lei *(Co-Chairman and Chief Executive Officer) (appointed on 9 February 2022)*
Mr. FENG Wei *(Co-Chairman)*
Mr. CHUA Boon Hou (CAI Wenhao)
Ms. WU Lili *(appointed on 30 June 2022)*
Mr. YAN Jianqiang *(Co-Chairman and Chief Executive Officer) (resigned on 9 February 2022)*

NON-EXECUTIVE DIRECTORS

Mr. WANG Bing
Mr. ZHAO Yanjiao *(appointed on 30 June 2022)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Huichun
Mr. GAO Yan *(appointed on 30 June 2022)*
Mr. ZHAO Wei
Mr. LEUNG Yiu Cho *(resigned on 30 June 2022)*

Biographical details of the Directors are shown on pages 10 to 15 of this report. The List of Directors and their Role and Function was published both on the GEM website and the Company's website. The Board is currently supported by the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee to oversee specific areas of the Company's affair. Each of these committees has been established with written terms of reference, which were approved by the Board, setting out the committee's major duties and responsibilities. These terms of reference were published both on the GEM website and the Company's website.

The overall management of the Company's business is vested in the Board, which assumes the responsibility for leadership and control of the Company and the Directors are collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs and overseeing the achievement of strategic plans to enhance shareholders' value.

Generally, the Board is responsible for all major aspects of the affairs of the Company, including:

- formulation of overall strategies and review of its financial performance and results and the internal control systems;

- policies relating to key business and financial objectives of the Company;
- material transactions, including acquisition, investment, disposal of assets or capital expenditure;
- appointment, removal or reappointment of Board members and auditors;
- communication with key stakeholders, including shareholders and regulatory bodies; and
- recommendation to shareholders on final dividend and the declaration of any interim dividends.

The Board is responsible for maintaining proper accounting records so as to enable the Directors to monitor and disclose with reasonable accuracy the financial position of the Group. The Board updates the Company's shareholders ("Shareholders") on the operations and financial position of the Group through quarterly, interim and annual results announcements as well as the publication of timely reports and announcements of other matters as prescribed by the relevant laws, rules and regulations.

Directors are also provided with access to independent professional advice, where necessary, in carrying out their obligations as Directors, at the expense of the Company.

All Directors, including independent non-executive Directors assume the responsibilities to Shareholders for the well-being and success of the Company. They are aware of their duties to act in good faith and in the best interests of the Company.

The non-executive Directors (including the independent non-executive Directors), advise the Company on strategic and critical matters. The Board considers that each non-executive Director brings his own senior level of experience and expertise to the constructive functioning of the Board. To this end, regular informal meetings are held between the executive Directors and non-executive Directors. The Chairman held meetings with the non-executive Directors at least annually without presence of the executive Directors to evaluate the functioning of the Board.

Each of the Directors has entered into a service contract or has signed a letter of appointment with the Company for a term of three years. The appointments are subject to the provisions of the Articles of Association with regard to vacation of office of Directors, removal and retirement by rotation of Directors.

The executive Directors are delegated with responsibility to oversee and monitor the operation of specific business areas and to implement the strategies and policies set by the Board.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the reporting period, the Company met the requirements of the GEM Listing Rules relating to the appointment of at least three independent non-executive Directors representing at least one-third of the Board and with at least one of whom is with appropriate professional qualifications or accounting or related financial management expertise.

Each of the independent non-executive Directors has made written annual confirmation of his independence pursuant to Rule 5.09 of the GEM Listing Rules. Upon review, the Board concluded that all the independent non-executive Directors are independent within the meaning of the GEM Listing Rules.

THE BOARD COMMITTEES

AUDIT COMMITTEE

The Audit Committee was established on 21 October 2016 with written terms of reference which were revised and adopted on 15 March 2019 in compliance with Rule 5.29 of the GEM Listing Rules and the CG Code. Currently, the Audit Committee has three members, namely Mr. GAO Yan, Mr. CHEN Huichun and Mr. ZHAO Wei, each of whom is an Independent Non-Executive Director. Mr. GAO Yan has been appointed as the chairman of the Audit Committee, and has the appropriate professional qualifications required under the GEM Listing Rules. The primary duties of the Audit Committee are to review and supervise the financial reporting process and internal control system of the Group, making recommendations to the Board on the appointment, reappointment and removal of the external auditor and approving the remuneration and terms of engagement of the external auditor, oversee the audit process and perform other duties and responsibilities as assigned by the Board.

During the year ended 31 December 2022, the Audit Committee held 5 meetings, at which it has reviewed and discussed the quarterly, interim and annual financial results of the Group, including the accounting principles and practice adopted by the Group, the Company's compliance with the CG Code and disclosure in the Corporate Governance Report, the effectiveness of the Group's risk management and internal control systems (including environmental, social and governance ("ESG") risks), the Group's internal audit function and recommendation on appointment of auditor. The Audit Committee has also recommended to the Board to consider the re-appointment of CCTH CPA Limited as the Company's external independent auditors at the annual general meeting.

REMUNERATION COMMITTEE

The Remuneration Committee was established on 21 October 2016 with written terms of reference which were revised and adopted on 28 December 2022 in compliance with the CG Code. Currently, the Remuneration Committee has three members, namely Mr. GAO Yan, an Independent Non-Executive Director, Mr. ZHAO Wei, an Independent Non-Executive Director and Mr. WANG Lei, an Executive Director, Co-Chairman and Chief Executive Officer. Mr. GAO Yan has been appointed as the chairman of the Remuneration Committee. The primary duties of the Remuneration Committee are to establish and review the policy and structure of the remuneration for the Directors and senior management and make recommendations on employee benefit arrangements. No Director was involved in deciding his own remuneration.

During the year ended 31 December 2022, the Remuneration Committee held 3 meetings, at which it recommended to the Board (i) for consideration the distribution of discretionary bonus to executive Directors and senior management for the year 2021; (ii) on the remuneration packages for executive Directors and senior management for the year 2022; (iii) on the remuneration packages for independent non-executive Directors for the year 2022; and (iv) on the remuneration packages for new directors.

NOMINATION COMMITTEE

The Company established the Nomination Committee on 21 October 2016 with written terms of reference where were revised and adopted on 15 March 2019 in compliance with the CG Code. Currently, the Nomination Committee consists of three members, being Mr. ZHAO Wei, an Independent Non-Executive Director, Mr. CHEN Huichun, an Independent Non-Executive Director and Mr. WANG Lei, an Executive Director, Co-Chairman and Chief Executive Officer. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment and removal of Directors and to be responsible for reviewing the structure, size, diversity and composition of the Board on a regular basis.

During the year ended 31 December 2022, the Nomination Committee held 3 meetings, at which it (i) assessed the independence of the Independent Non-Executive Directors; (ii) recommended to the Board for consideration the re-appointment of all the retiring Directors at the annual general meeting; and (iii) recommended to the Board on the appointments of new directors.

RISK MANAGEMENT COMMITTEE

The Company established the Risk Management Committee on 21 October 2016. Currently, the Risk Management Committee has three members, namely Mr. ZHAO Wei, an Independent Non-Executive Director, Mr. WANG Lei, an Executive Director, Co-Chairman and Chief Executive Officer and Mr. CHUA Boon Hou (CAI Wenhao), an Executive Director. The primary functions of the Risk Management Committee include reviewing (i) the Company's significant transactions, including tenancy agreements, together with the finance department; and (ii) the Company's risk management policies and standards (including ESG risks), and monitoring the Company's exposure to sanctions law risks.

During the year ended 31 December 2022, the Risk Management Committee held 1 meeting, at which it reviewed the system of risk management and internal control (including ESG risks) of the Group and its effectiveness.

COMMITTEE MEETINGS

PRACTICES AND CONDUCT OF MEETINGS

Code provision C.5.1 of the CG Code prescribes that at least 4 regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through other electronic means of communication. The Board will schedule to have at least four regular meetings in a year. Other Board meetings will be held if necessary.

MEETINGS HELD AND ATTENDANCE

The composition of the Board and the committees, and the individual attendance records of each Director at the Board and committees' meetings during the year ended 31 December 2022 are set out below:

	Actual Attendance/Number of Meetings a Director is entitled to attend					
Name of the Directors	Board Meetings	Audit Committee Meetings	Remuneration Committee Meetings	Nomination Committee Meetings	Risk Management Committee Meetings	Annual General Meetings
Executive Directors						
Mr. WANG Lei (appointed on 9 February 2022)	7/10	N.A.	2/3	2/3	1/1	1/1
Mr. FENG Wei	10/10	N.A.	N.A.	N.A.	N.A.	1/1
Mr. CHUA Boon Hou (CAI Wenhao)	10/10	N.A.	N.A.	N.A.	1/1	1/1
Ms. WU Lili (appointed on 30 June 2022)	4/10	N.A.	N.A.	N.A.	N.A.	N.A.
Mr. YAN Jianqiang (resigned on 9 February 2022)	3/10	N.A.	N.A.	N.A.	N.A.	N.A.
Non-Executive Directors						
Mr. WANG Bing	10/10	N.A.	N.A.	N.A.	N.A.	1/1
Mr. ZHAO Yanjiao (appointed on 30 June 2022)	4/10	N.A.	N.A.	N.A.	N.A.	N.A.
Independent Non-Executive Directors						
Mr. CHEN Huichun	10/10	5/5	N.A.	3/3	N.A.	1/1
Mr. GAO Yan (appointed on 30 June 2022)	4/10	2/5	N.A.	N.A.	N.A.	N.A.
Mr. ZHAO Wei	10/10	5/5	3/3	3/3	1/1	1/1
Mr. LEUNG Yiu Cho (resigned on 30 June 2022)	6/10	3/5	2/3	N.A.	N.A.	1/1

DIRECTORS' CONTINUOUS TRAINING AND PROFESSIONAL DEVELOPMENT

In compliance with the code provision C.1.4 of the CG Code, all Directors shall participate in continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. During the year ended 31 December 2022, the Directors were provided with timely updates on the Company's performance and financial position to enable the Board as a whole and each Director to discharge their duties.

The Group continuously updated the Directors on the latest developments regarding the GEM Listing Rules and other applicable regulatory requirements, as well as providing Director's training to the newly appointed Directors so as to ensure each Director is aware of his responsibilities and obligations under the GEM Listing Rules and relevant regulations, and maintaining good corporate governance practices.

DIRECTORS' RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board acknowledges its responsibility to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Group. The Board is not aware of any material uncertainties relating to events or condition that might cast significant doubt upon the Company's ability to continue in business. Accordingly, the Board has prepared the financial statements of the Company on a going concern basis. The Board also acknowledges its responsibility to present a balanced, clear and understandable assessment in the Company's annual, half-yearly and quarterly reports, other price-sensitive announcements and other financial disclosures required under the GEM Listing Rules, and reports to the regulators as well as to information required to be disclosed pursuant to statutory requirements.

The responsibility of the independent auditor is to form an independent opinion, based on their audit, on those consolidated financial statements prepared by the Board and to report their opinion to the Shareholders. A statement by auditor about their reporting responsibility is set out in the Independent Auditor's Report.

Having made appropriate enquiries and examined major areas which could give rise to significant financial exposures, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements for the year, the Directors considered the Group has applied appropriate accounting policies consistently, made judgments and estimates that are reasonable in accordance with applicable accounting standards.

During the year ended 31 December 2022, the quarterly results and reports were published within the time limits as required under the GEM Listing Rules after the end of the relevant periods to provide stakeholders with transparent and timely financial information.

AUDITOR'S REMUNERATION

During the year ended 31 December 2022, the remuneration, reviewed and approved by the Audit Committee on the audit and non-audit scope, paid or payable to the auditor in respect of audit and non-audit services provided by the auditor of the Group, CCTH CPA Limited, is as follows:

Nature of Service	2022 Amount S$'000
Audit services	194
Non-audit services	–
Total	194

MECHANISM REGARDING INDEPENDENT VIEWS TO THE BOARD

The Board has implemented different ways to ensure independent views and input are available to the Board. The implementation and effectiveness of such mechanism was reviewed on an annual basis. The Board considers that such mechanism has been implemented properly and effectively.

The mechanism is disclosed below:

(i) Composition

The Board ensures the appointment of at least three independent non-executive Directors and at least one-third of its members being independent non-executive Directors (or such higher threshold as may be required by the GEM Listing Rules from time to time), with at least one independent non-executive Director possessing appropriate professional qualifications, or accounting or related financial management expertise. Further, independent non-executive Directors will be appointed to Board committees of the Company as required under the GEM Listing Rules and as far as practicable to ensure independent views are available.

(ii) Independence Assessment

The Nomination Committee strictly adheres to the nomination policy with regard to the nomination and appointment of independent non-executive Directors, and is mandated to assess annually the independence of independent non-executive Directors to ensure that they can continually exercise independent judgement.

(iii) Board Decision Making

The Directors (including independent non-executive Directors), upon reasonable request, may seek independent professional advice at the Company's expense, to assist the performance of their duties.

If a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would be dealt with by a physical Board meeting rather than a written resolution.

A Director who has a material interest in a contract, transaction or arrangement shall not vote or be counted in the quorum on any Board resolution approving the same.

(iv) Board Evaluation

The Board assesses and reviews the time contributed by every independent non-executive Director and their attendance to meetings of the Board and the board committees so as to ensure that every independent non-executive Director has devoted sufficient time to the Board to discharge his/her responsibilities as a Director of the Company.

CORPORATE GOVERNANCE FUNCTION

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as (i) developing and reviewing the Company's policies, practices on corporate governance, training and the continuous professional development of the Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc; (ii) developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and Directors; and (iii) reviewing the Company's compliance with the CG Code and disclosure in the corporate governance report.

Every Board member has full access to the advice and services of the Company Secretary with a view to ensure that Board procedures, and all applicable rules and regulations are followed. They are also entitled to have full access to Board papers and related materials such that they are able to make an informed decision and to discharge their duties and responsibilities.

RISK MANAGEMENT AND INTERNAL CONTROL

The Company had established policies and procedures to identify, assess and manage major risks (including ESG risks) of the Group. The Board has overall responsibilities for establishing and maintaining an effective risk management and internal control systems (including ESG risks) of the Group and reviewing their effectiveness. However, such procedures are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The management is responsible for implementing that procedures approved by the Board and to monitor compliance with the policies and procedures. The Board has outsourced the internal audit function to a professional risk consulting firm to perform the internal audit review on the control environment and key business processes of the Group. Based on discussions with the professional risk consultants, advisors and our management team, in view of their responses to the findings and recommendations on matters relating to internal controls, the Board is satisfied that there were no significant defects in Group's internal controls and risk management systems (including ESG risks) in terms of overall adequacy and effectiveness concerning the key operational, financial and compliance risks of the Group as at the date of this report.

Furthermore, the Company reminds the Directors and employees of the Group about due compliance with all policies regarding the inside information. The Company keeps the Directors and employees of the Group appraised of the latest regulatory updates to ensure compliance with the relevant regulatory requirements.

COMPANY SECRETARY

The appointment and removal of the Company Secretary is subject to approval by the Board in accordance with the Articles of Association. The Company Secretary is responsible for ensuring the Board procedures and policy are followed and Board activities are effectively conducted. The Company Secretary is also responsible for maintaining minutes recorded in sufficient details of all the meetings of the Board and committees of the Company. Draft and final versions of minutes are disseminated to Directors for comment and filed for record purposes respectively within a reasonable time after each meeting. The Directors have full and timely access to the minutes of the Board and committees of the Company. The Company Secretary, Mr. LO Kam Tai, confirmed that he has complied with all the qualifications, experience, and professional training requirements of the GEM Listing Rules.

COMMUNICATION WITH THE SHAREHOLDERS

The Board has adopted a shareholder communication policy which is subject to annual review to ensure its implementation and effectiveness. Such policy aims at ensuring shareholders can have equal and timely access to information about the Company in order to enable the Shareholders to exercise their rights in an informed manner and to allow them to engage actively with the Company.

A summary of the Company's shareholder communication policy is as follows:

Information will be communicated to the Shareholders through the Company's financial reports, circulars and announcements, AGMs and other general meetings that may be convened, as well as all the disclosures submitted to the Stock Exchange for publication.

As a channel to further promote effective communication, the Company maintains a website at as a communication platform with Shareholders, where Company's announcements and press releases, business developments and operations, financial information, corporate governance report and other information are posted.

Shareholders' meeting is one of the channels for shareholders to communicate their views on various matters affecting the Company. The Company endeavours to maintain an on-going dialogue with Shareholders and in particular, through annual general meetings and other general meetings. Shareholders may make enquiries to the Company directly by raising questions at general meetings. Board members, in particular, the chairmen of Board committees or their delegates, appropriate management executives and external auditor will use all reasonable efforts to attend annual general meetings and to answer Shareholders' questions.

Furthermore, Shareholders are given sufficient notice of Shareholders' meetings, detailed procedures for conducting a poll was stated in circular to Shareholders accompanying the notice of the annual general meeting.

In order for the Company to solicit and understand the views of Shareholders, Shareholders may make enquiries to the Company through the contact method provided by the Company's website.

The Company reviewed the implementation and effectiveness of the shareholder communication policy has been properly implemented and during the year and considered that the policy is effective.

WHISTLEBLOWING POLICY

The Company has put in place whistleblowing policy which applies to all the directors and employees of the Group and any parties who deal with the Group. The policy is designed to provide the employees and any external parties with confidential whistleblowing channels to report to the Group the actual or suspected illegal activities and misconducts in corporate financial reporting, internal control or other areas.

Whistleblowers are able to contact the Board directly through the contact method provided on the Company's website. The identity of the whistleblower and all the concerns or irregularities raised will be treated with confidence and every effort will be made to ensure that confidentiality is maintained throughout the process.

The Audit Committee, which is responsible for oversight and monitoring of the whistleblowing policy and mechanism, will make decisions on further actions (if needed).

The Company is also committed to ensuring the protection of the whistleblower against detrimental or unfair treatment.

ANTI-CORRUPTION POLICY

The Group does not tolerate any corruption, bribery, extortion, fraud or money laundering during the course of its business activities. As such, it has formulated an anti-corruption policy (the "Anti-Corruption Policy") which prohibits all forms of corruption practice by making reference to the relevant laws and regulations. The Anti-Corruption Policy forms an integral part of the Group's corporate governance framework, which sets out the specific behavioural guidelines that the employees of the Group must follow to combat corruption. The Anti-Corruption Policy is reviewed and updated on a regular basis to align with the applicable laws and regulations as well as the industry best practices. All the employees are informed and expected to act with integrity, impartiality and honesty.

SHAREHOLDERS' RIGHTS

The general meetings of the Company provided an opportunity for communication between Shareholders and the Board. An annual general meeting of the Company shall be held in each year and at the place as may be determined by the Board. Each general meeting, other than an annual general meeting, shall be called an extraordinary general meeting ("EGM").

RIGHT TO CONVENE EGM AND PROCEDURES

Pursuant to Article 64 of the Articles of Association, the Board may, whenever it thinks fit, convene an EGM. Anyone or more member(s) holding at the date of the deposit of the requisition not less than one tenth of the paid-up capital of the Company carrying the right of voting at general meetings of the Company, shall at all times have the right, by written requisition sent to the Company's principal place of business as set out in the manner below, to require an EGM to be called by the Board for the transaction of any business specified in such requisition, and such meeting shall be held within two months after the deposit of such requisition.

Such requisition shall be made in writing to the Board or the Company Secretary at the following:

Principal place of business and headquarters in Singapore

Address:	176 Sin Ming Drive #01-15 Sin Ming Autocare Singapore 575721
Email:	enquiry@zhongshiminan.com
Attention:	Company Secretary

Registered office of the Company

Address:	Windward 3, Regatta Office Park P.O. Box 1350 Grand Cayman KY1-1108 Cayman Islands
Attention:	Company Secretary

If within 21 days of such deposit, the Board fails to proceed duly to convene such EGM, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to them by the Company.

For matters in relation to the Board, Shareholders can contact the Company at the following: by post to principal place of business of the Company in Hong Kong at Room E, 15th Floor, Leahander Centre, 28 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong or by email to enquiry@zhongshiminan.com.

RIGHT TO PUT ENQUIRIES TO THE BOARD

Shareholders have the right to put enquiries to the Board. All such enquiries shall be in writing and sent by post to the principal place of business of the Company in Hong Kong for the attention of the Company Secretary. Shareholders may also make enquiries with the Board at the general meetings of the Company.

RIGHT TO PUT FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Companies Law (as revised) of the Cayman Islands, as amended, modified and supplemental from time to time. However, pursuant to the Articles of Association, Shareholders who wish to move a resolution may by means of requisitions convene an EGM following the procedures set out above.

CONSTITUTIONAL DOCUMENTS

In April 2019, the Company has adopted the second amended and restated Memorandum and Articles of the Company, a copy of which is available on the GEM website and the Company's website. There are no significant change to the constitutional documents of the Company for the year ended 31 December 2022.

INVESTOR RELATIONS

The Board recognises the importance of maintaining on-going communication with Shareholders. The Company has adopted a Shareholders' communication policy and promotes communications with Shareholders through several communication channels including publication of notices, circulars and announcements of key developments, and quarterly, interim and annual reports as prescribed under the GEM Listing Rules which can also be accessed via the "Investor Relations" of the Company's website.

The aims of the Company are to improve its transparency, gain more understanding and confidence in relation to the Group's business developments and acquire more market recognition and support from Shareholders.

Shareholders are encouraged to attend all general meetings of the Company. The notices of the extraordinary general meetings and annual general meeting of the Company were circulated to all Shareholders in accordance with the requirements of the GEM Listing Rules and the Articles of Association. It is a standard practice to have the non-executive Directors available to answer questions relating to their roles, tenure, and the committees of the Board. The results of voting by poll are published on the GEM website and the Company's website after the meetings.

Any comments and suggestions to the Board can be addressed to the Hong Kong office or the Company Secretary by mail to Room E, 15th Floor, Leahander Centre, 28 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong or email at enquiry@zhongshiminan.com.

DIRECTORS' REPORT

The Directors hereby present their report and the audited consolidated financial statements of the Group for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Company is an investment holding company. The Company's subsidiaries are involved in the following principal activities:

(1) maintenance and repair of passenger cars;

(2) modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories;

(3) provision of motor finance services;

(4) provision of a sales-integrated service platform;

(5) trading of passenger cars; and

(6) development, manufacturing and sale of smart kitchen appliances segment.

Further discussion and analysis of these activities as required by Schedule 5 to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), including an indication of likely future development in the Group's business, can be found in the Management Discussion and Analysis in this annual report. This discussion forms part of this directors' report.

PRINCIPAL RISKS AND UNCERTAINTIES

A number of factors may affect the results and business operations of the Group, major risks are summarised below.

OUR BUSINESS DEPENDS HEAVILY ON OUR REPUTATION AND CONSUMER PERCEPTION OF THE QUALITY OF OUR SERVICES, AND ANY NEGATIVE PUBLICITY, HARM TO OUR REPUTATION, FAILURE TO MAINTAIN AND/OR ENHANCE OUR REPUTATION, OR FAILURE TO DEAL WITH CUSTOMER COMPLAINTS MAY MATERIALLY AND ADVERSELY AFFECT OUR BUSINESS, FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

We believe that our reputation and consumer perception of the quality of our services are critical to our business. Maintaining and enhancing our reputation depends on the quality and consistency of our services, as well as the success of our marketing and promotional efforts. We believe that maintaining and enhancing our reputation is essential to our efforts to maintain and expand our customer base. In addition, our reputation may be harmed by negative publicity or unfavourable forum discussions, whether accurate or not, relating to the services provided by the Group, such as service quality issues, repair time and quotations.

IMPOSITION OF LAWS OR REGULATIONS RESTRICTING THE CARRYING ON OF OUR BUSINESS, GOVERNMENT POLICIES ON PASSENGER CAR PURCHASES AND OWNERSHIP THEREFORE RESTRICTING ROAD USE IN SINGAPORE, OR MEASURES TO ENCOURAGE THE USE OF PUBLIC TRANSPORT, MAY HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.

In Singapore, a certificate of entitlement ("COE") is required for the registration of a new vehicle in the appropriate vehicle category. A COE represents a right to vehicle ownership and use of the limited road space in Singapore for 10 years. The Singapore government controls the total number of vehicles in use by limiting the quota of COE. Any measures taken by the Singapore government to limit or reduce the number of passenger car registrations, therefore reducing the number of passenger cars on the roads, and/or measures to encourage the use of public transport, may materially and adversely affect the demand of our services.

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2022, sales to the Group's five largest customers accounted for approximately 7.3% of total sales including sales to the largest customer which accounted for approximately 2.5% of total sales. The Group's five largest suppliers accounted for approximately 23.5% of total purchases during the year ended 31 December 2022 and purchases from the largest supplier included therein amounted to approximately 8.0% of total purchase.

None of the Directors or any of their close associates (as defined in the GEM Listing Rules), or any of the Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any beneficial interest in the Group's five largest customers or its five largest suppliers during the year ended 31 December 2022.

SEGMENT INFORMATION

An analysis of the Group's performance for the year under review by operating segment is set out in Note 4 to the financial statements.

RESULTS AND DIVIDEND

The results of the Group for the year ended 31 December 2022 are set out in the consolidated financial statement on pages 47 to 115 of this annual report.

The Board did not recommend the payment of any dividend for the year ended 31 December 2022 (2021: Nil).

During the year ended 31 December 2022, there was no arrangement under which any Shareholder waived or agreed to waive any dividend.

CHARITABLE DONATIONS

The Group did not make any material charitable donations during the year ended 31 December 2022 (2021: Nil).

FIVE-YEAR FINANCIAL SUMMARY

A summary of the published result and assets, liabilities of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 116 of this annual report. This summary does not form part of the audited financial statements.

SHARE CAPITAL

Details of the movements in share capital of the Company during the year ended 31 December 2022 are set out in Note 27 to the financial statements.

PURCHASES, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

The Company or any of its subsidiaries has not purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2022.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

DIRECTORS

The Directors during the year ended 31 December 2022 and up to the date of this report are as follows:

EXECUTIVE DIRECTORS

Mr. WANG Lei *(Co-Chairman and Chief Executive Officer) (appointed on 9 February 2022)*
Mr. FENG Wei *(Co-Chairman)*
Mr. CHUA Boon Hou (CAI Wenhao)
Ms. WU Lili *(appointed on 30 June 2022)*
Mr. YAN Jianqiang *(Co-Chairman and Chief Executive Officer) (resigned on 9 February 2022)*

NON-EXECUTIVE DIRECTORS

Mr. WANG Bing
Mr. ZHAO Yanjiao *(appointed on 30 June 2022)*

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Huichun
Mr. GAO Yan *(appointed on 30 June 2022)*
Mr. ZHAO Wei
Mr. LEUNG Yiu Cho *(resigned on 30 June 2022)*

In accordance with Article 108(a) of the Articles of Association, Mr. CHUA Boon Hou (CAI Wenhao) and Mr. ZHAO Wei will retire from the Board by rotation at the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

In accordance with Article 112 of the Articles of Association, Ms. WU Lili, Mr. ZHAO Yanjiao and Mr. GAO Yan will hold office only until the forthcoming annual general meeting and, being eligible, offer themselves for re-election.

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" of this annual report.

DIRECTORS' SERVICE CONTRACTS

Each of the Executive Directors has entered into a service agreement with the Company for a term of three years commencing from the appointment date and renewable on expiry date and is subject to termination in accordance with the terms of the service agreement.

The Non-Executive Director has signed an appointment letter with the Company for term of three years and renewable on expiry date which is subject to termination in accordance with its terms.

The Independent Non-Executive Directors have each signed an appointment letter with the Company for a term of three years and renewable on expiry date and are subject to termination in accordance with their respective terms.

The term of service of a Director is subject to retirement by rotation of Directors as set out in the Articles of Association and the GEM Listing Rules.

Save as disclosed above, no Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2022, the interests and short positions of the Directors and chief executives 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 Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

LONG POSITION IN THE SHARES

Name of Directors and Chief Executives	Capacity/ Nature of Interest	Number of Shares or Underlying Shares	Approximate Percentage of Interest in the Company[1]
Mr. WANG Lei	Beneficial interest	120,810,000	6.04%
Ms. LI Lidan[3]	Interest of spouse	120,810,000	6.04%
Mr. CHEN Huichun	Beneficial interest	700,000	0.04%
Mdm. WANG Chongyu[2]	Interest of spouse	700,000	0.04%

Notes:

(1) This is based on the total Shares in issue as at 31 December 2022, being 2,000,000,000.

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

(3) Ms. LI Lidan is the spouse of Mr. WANG Lei ("Mrs WANG"), executive director of the Company. Under the SFO, Mrs. Wang is deemed to be interested in the same number of shares in which Mr. Wang is interested.

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

SHARE OPTION SCHEME

The Company adopted a share option scheme ("Share Option Scheme") on 21 October 2016 for the purpose of enabling the Company to grant rights to subscribe for Shares pursuant to the terms of the Share Option Scheme ("Options", each an "Option") as incentives or rewards to the Participants (as defined below) for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any entity which the Group holds any equity interest ("Invested Entity"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The period of Share Option Scheme commenced on 21 October 2016 and will expire on 20 October 2026.

The Board may, at its discretion, invite any Executive, Non-Executive or Independent Non-Executive Directors or any employees (whether full-time or part-time) of the Company, or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group ("Participants", each a "Participant") to take up the Options. The basis of eligibility of any of the class of the Participants to the grant of any Option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any Invested Entity. Unless otherwise determined by the Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option ("Offer"), there is neither any performance target that needs to be achieved by the Participant who accepts an Offer in accordance with the terms of the Share Option Scheme ("Grantee") before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

The subscription price for the Shares under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option, but in any case shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Offer is made by the Company to the Grantee (which date must be a Business Day, "Offer Date"); (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date (provided that the Offer Price shall be used as the closing price for any Business Day falling within the period before listing of the Shares where the Company has been listed for less than five (5) Business Days as at the Offer Date); and (c) the nominal value of a Share.

The amount payable by the grantee of an Option to the Company on acceptance of the offer for the grant of an Option is HK$1.00, which shall be payable within the period as the Board may determine and specify in the letter of Offer.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following the listing of the Company on the Stock Exchange and the subdivision of shares of the Company approved on 3 April 2019 and become effective on 4 April 2019 (being 2,000,000,000 Shares). The maximum number of shares issuable under share options to each eligible participant in the Company's Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. During the year ended 31 December 2022, the Company may grant options in respect of up to 200,000,000 Shares to the participants under the Share Option Scheme, being 10% of the issued shares of the Company as at the date of this report.

No option has lapsed, or has been granted, exercised or cancelled under the Share Option Scheme during the year ended 31 December 2022. The Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the Shares as at 31 December 2022, nor has there been any exercise, redemption, purchase or cancellation made during the year ended 31 December 2022 of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in shares, underlying shares and debentures" above, at no time during the year ended 31 December 2022 and up to the date of this report was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective close associates (as defined under the GEM Listing Rules) to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, the interests and short positions of substantial Shareholders and other persons (not being a Director or Chief Executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

LONG POSITIONS IN THE SHARES

Name	Nature of Interest	Number of Shares	Approximate Percentage of Shareholding in the Company as at 31 December 2022[1]
Mr. LI Jie	Beneficial owner	586,020,000	29.3%
Mdm. HAN Mei[2]	Interest of spouse	586,020,000	29.3%
Mdm. LI Lidan[3]	Interest of spouse	120,810,000	6.04%

Notes:

(1) This is based on the total Shares in issue as at 31 December 2022, being 2,000,000,000.

(2) Mdm. HAN Mei is the spouse of Mr. LI Jie ("Mrs. Li"). Under the SFO, Mrs. Li is deemed to be interested in the same number of Shares in which Mr. LI Jie is interested.

(3) Mdm. LI Lidan ("Mrs. WANG") is the spouse of Mr. WANG Lei, executive director of the Company. Under the SFO, Mrs. WANG is deemed to be interested in the same number of Shares in which Mr. WANG Lei is interested.

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

DIRECTORS' REMUNERATION

Details of the remuneration of the Directors for the year ended 31 December 2022 are set out in Note 8 to the financial statements in this annual report. Mr. CHUA Boon Hou, Mr. YAN Jianqiang, Mr. FENG Wei, Mr. CHEN Huichun, Mr. ZHAO Wei, Mr. GAO Yan and Mr. WANG Bing waived emoluments of S$211,000, S$4,401, S$21,123, S$49,150, S$21,123, S$21,123 and S$49,150 respectively for the year ended 31 December 2022. Except these, no other directors waived or agreed to waive any emoluments for both years.

EMOLUMENT POLICY

The Remuneration Committee was set up for reviewing the Group's emolument policy and structure for all remuneration of the Directors and senior management of the Group, having regard to the Group's operating results, individual performance and comparable market practices. The remunerations of the Directors are determined with reference to the economic situation, the market condition, the responsibilities and duties assumed by each Director as well as their individual performance.

RELATED PARTY TRANSACTIONS

Details of the related party transactions entered into by the Group during the year ended 31 December 2022 are set out in Note 31 to the financial statements. Such related party transactions do not fall under the definition of connected transaction or continuing connected transaction under Chapter 20 of the GEM Listing Rules.

CONNECTED TRANSACTION AND CONTINUING CONNECTED TRANSACTION

During the year ended 31 December 2022, the Group has not entered into any connected transactions or continuing connected transactions that are not exempted under the GEM Listing Rules. The Board confirms that the Company has complied with the applicable disclosure requirements in accordance with Chapter 20 of the GEM Listing Rules.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this report, the Company has maintained the prescribed public float required by the GEM Listing Rules since the listing date and up to the date of this report.

DIRECTORS' INTEREST IN COMPETING BUSINESS

The Directors are not aware of any business or interest of the Directors nor the controlling Shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the year ended 31 December 2022.

INDEMNITY OF DIRECTORS

The Articles of Association provides that the Directors shall be indemnified and secured harmless out of the assets of the Company against all actions, costs, charges, losses, damages and expenses which they shall incur or sustain in execution of their duty or supposed duty in their respective offices, except such as they shall incur or sustain through their own fraud or dishonesty.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No transaction, arrangement or contract of significance to which the Company, or any of its subsidiaries was a party, and in which a Director or entity connected with such Director had a material interest, subsisted at any time during the year ended 31 December 2022.

MANAGEMENT CONTRACTS

No contracts, other than the service contracts entered into with the Directors, concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or in existence during the year ended 31 December 2022.

ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group is subject to local laws and regulations as well as various guidelines by the governmental agencies. In particular, our modifications, tuning and grooming services need to comply with specific rules in the Road Traffic Act under the purview of the Land Transport Authority. The environmental concern relating to the management of hazardous waste and waste water is particularly important to us, and to address this, we follow the best practices in toxic waste management and comply with relevant environmental standards, including the Environmental Public Health (Toxic Industrial Waste) Regulations issued by the National Environment Agency of Singapore. Other key laws and regulations relating to our business include the Workplace Health and Safety Act, Regulations of Imports and Exports, Employment Act and Employment of Foreign Manpower Act. There were no cases of non-compliance with relevant laws and regulations that had or would have had a significant impact on the Group during the year.

Our key stakeholders include customers, suppliers and employees. We continuously engage with them through daily interactions to understand and respond to their respective needs. We value our customers' feedback and use it to improve our services and quality of repairs. We also understand maintaining relationships with our suppliers and employees is vital to the Group's ability to meet its quality commitment. We build trusted relationships with brand name suppliers, and develop our employees' capabilities and address any potential workplace concerns in a timely manner. More specific details on our environmental, social and corporate governance ("ESG") policies will be found in our ESG report, to be published together with the annual report of the Company.

KEY RELATIONSHIPS WITH EMPLOYEES, CUSTOMERS AND SUPPLIERS

The Group recognises the accomplishment of the employees by providing comprehensive benefit package, career development opportunities and internal training appropriate to individual needs. The Group provides a healthy and safe workplace for all employees. No strikes and cases of fatality due to workplace accidents are found in the year under review.

The Group encompasses working relationships with suppliers to meet our customers' needs in an effective and efficient manner. The departments work closely to make sure the tendering and procurement process is conducted in an open, fair and just manner. The Group's requirements and standards are also well-communicated to suppliers before the commencement of a project.

The Group values the views and opinions of all customers through various means and channels, including usage of business intelligence to understand customer trends and needs and regular analysis on customer feedback. The Group also conducts comprehensive tests and checks to ensure that only quality products and services are offered to the customers.

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Group as at 31 December 2022 are set out in Note 25 to the financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2022 are set out in Note 14 to the financial statements.

DISTRIBUTABLE RESERVES

Details of the movements in the reserves of the Group for the year ended 31 December 2022 are set out in the consolidated statement of changes in equity on page 49 and Note 28 to the financial statements.

As at 31 December 2022, the Company had nil distributable reserve (31 December 2021: nil).

MATERIAL ACQUISITION AND DISPOSAL

On 30 May 2022, an indirect wholly-owned subsidiary of the Company, World Brilliant Investment Limited, entered into a sale and purchase agreement with an independent third party to dispose of 100% interest in Shenzhen Dacheng Technology Limited at a consideration of Nil, resulting from a gain on disposal of approximately S$537,000. The disposal was completed on 30 May 2022.

Except on disclosed herein, the Group did not have any acquisition or disposal of subsidiaries or associates during the year ended 31 December 2022.

RETIREMENT SCHEMES

Particulars of retirement schemes are set out in Note 2.22 to the financial statements.

CONFIRMATION OF INDEPENDENCE

The Company has received from each of the independent non-executive Directors an annual confirmation of independence pursuant to Rule 5.09 of the GEM Listing Rules and, based on contents of such confirmation, considers all the independent non-executive Directors to be independent and that they have met the specific independence guidelines as set out in Rule 5.09 of the GEM Listing Rules.

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

Upon specific enquiry by the Company and following confirmations from the Directors, save as disclosed in the section headed "Directors and Senior Management" in this report, there was no change in the information of the Directors required to be disclosed pursuant to paragraphs (a) to (e) and (g) of Rule 17.50(2) of the GEM Listing Rules during the year ended 31 December 2022.

EVENTS AFTER THE REPORTING PERIOD

There were no important events affecting the Group that have occurred since the end of the year.

CORPORATE GOVERNANCE

Details of the corporate governance practice adopted by the Company are set out on pages 16 to 29 of this annual report.

EQUITY-LINKED AGREEMENT

Save for the Share Option Scheme of the Company, there was no equity-linked agreement being entered into or remained subsisting during the year ended 31 December 2022 or as of the end of the year.

TAX RELIEF AND EXEMPTION

The Directors are not aware of any tax relief or exemption available to the Shareholders by reason of their holding of the Company's securities.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with management the accounting principles and practices adopted by the Group and discussed internal control and financial reporting matters including the review of the audited consolidated financial statements for the year ended 31 December 2022.

THE GROUP'S COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

As far as the Board is aware, the Group has complied in material aspects with the relevant laws and regulations that have a significant impact on the business and operations of the Group.

AUDITORS

The financial statements of the Group for the years ended 31 December 2021 and 2022 were audited by CCTH CPA Limited.

A resolution to re-appoint CCTH CPA Limited as auditor of the Company and to authorise the directors of the Company to fix its remuneration will be proposed at the forthcoming annual general meeting.

APPRECIATION

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

By Order of the Board
WANG Lei
Co-Chairman, Chief Executive Officer and Executive Director

28 March 2023

CCTH CPA LIMITED
中正天恒會計師有限公司

To the Shareholders of Zhongshi Minan Holdings Limited (Formerly known as Zheng Li Holdings Limited)

(incorporated in the Cayman Islands with limited liability)

OPINION

We have audited the consolidated financial statements of Zhongshi Minan Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 47 to 115, 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, the consolidated statement of changes in equity and the 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 International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs") issued by the International Auditing and Assurance Standards Board (the "IAASB"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with *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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters	How our audit addressed the key audit matters
Loss allowance for trade receivables and loan receivables from third parties	
The Group's trade receivables and loan receivables from third parties were significant as they represented 6% and 8% of the Group's total assets as at 31 December 2022, respectively. Net trade receivables amounted to S$1,134,000 as at 31 December 2022, against which an allowance for expected credit losses ("ECLs") of S$118,000 was made. The loan receivables from third parties included in prepayments, other receivables and other assets amounted to S$1,671,000 as at 31 December 2022, against which no allowance for ECLs was made. The Group calculates the ECLs for trade receivables and loan receivables from third parties, which is determined based on historical observed default rates over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort. The impairment assessment of trade receivables and loan receivables from third parties requires significant management's judgement and estimation. As such, we determined this as a key audit matter. The Group's disclosures of the loss allowance for trade receivables and loan receivables from third parties are included in notes 2.12, 3, 19, and 20 to the consolidated financial statements.	Our procedures in relation to loss allowance for trade receivables and loan receivables from third parties included: – Evaluating the Group's processes and controls relating to the monitoring of trade receivables and loan receivables from third parties and credit risks of customers; – Requesting confirmations for selected debtors and checking to receipts from customers subsequent to the year end, and checking to monthly instalments repaid by third party debtors; – Evaluating management's assumptions and estimates used to determine the ECLs through analyses of the ageing of receivables, assessment of material overdue individual trade receivables, customers' payment history, credit report issued by the government authority and correspondences between the Group and the customers; – Evaluating management's assumptions and inputs used in the computation of historical loss rates and assessed the management's assumptions used in considering the forward-looking factors; and – Assessing the adequacy of the relevant disclosures in the consolidated financial statements.

OTHER INFORMATION

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

RESPONSIBILITIES OF DIRECTORS AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.

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

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

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

CCTH CPA Limited
Certified Public Accountants
Hong Kong, 28 March 2023

LEE Wai Chi
Practising certificate number: P07830

Unit 1510–1517, 15/F., Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road
Kwai Chung, New Territories
Hong Kong

	Notes	**2022 S$'000**	2021 S$'000
REVENUE	5	**23,593**	20,233
Other income and gains	5	**1,129**	724
Cost of materials		**(12,747)**	(10,829)
Marketing and advertising expenses		**(424)**	(115)
Employee benefits expense	9	**(6,974)**	(6,365)
Depreciation of property, plant and equipment	14	**(1,228)**	(1,667)
Depreciation of right-of-use assets	15	**(679)**	(705)
Amortisation of intangible assets	16	**–**	(2)
Impairment losses of trade receivables, net	19	**(56)**	–
Finance costs	7	**(99)**	(202)
Other expenses		**(2,413)**	(1,513)
PROFIT/(LOSS) BEFORE TAX	6	**102**	(441)
Income tax expense	11	**(175)**	(118)
LOSS FOR THE YEAR		**(73)**	(559)
OTHER COMPREHENSIVE INCOME/(EXPENSE)			
Item that may be subsequently reclassified to profit or loss:			
Exchange differences on translation of foreign operations		**21**	(10)
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR		**(52)**	(569)
(Loss)/profit for the year attributable to:			
– Owners of the Company		**(75)**	(559)
– Non-controlling interests		**2**	–
		(73)	(559)
Total comprehensive (expense)/income for the year attributable to:			
– Owners of the Company		**(54)**	(569)
– Non-controlling interests		**2**	–
		(52)	(569)
		2022 S cents per share	2021 S cents per share
LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY	13		
– Basic		**(0.004)**	(0.03)
– Diluted		**N/A**	N/A

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2022

	Notes	2022 S$'000	2021 S$'000
NON-CURRENT ASSETS			
Property, plant and equipment	14	**3,044**	3,818
Right-of-use assets	15	**1,836**	875
Intangible assets	16	**–**	–
Financial assets at fair value through profit or loss	17	**560**	558
Prepayments, other receivables and other assets	20	**1,285**	1,174
Total non-current assets		**6,725**	6,425
CURRENT ASSETS			
Financial assets at fair value through profit or loss	17	**722**	24
Inventories	18	**1,293**	975
Trade receivables	19	**1,134**	967
Prepayments, other receivables and other assets	20	**6,876**	7,194
Cash and cash equivalents	21	**2,988**	4,131
Total current assets		**13,013**	13,291
CURRENT LIABILITIES			
Trade and other payables	22	**6,119**	2,959
Bank and other borrowings	25	**1,270**	2,575
Contract liabilities	24	**2,261**	2,383
Tax payable		**153**	122
Total current liabilities		**9,803**	8,039
NET CURRENT ASSETS		**3,210**	5,252
TOTAL ASSETS LESS CURRENT LIABILITIES		**9,935**	11,677
NON-CURRENT LIABILITIES			
Trade and other payables	22	**–**	2,206
Provisions	23	**413**	413
Contract liabilities	24	**673**	916
Bank and other borrowings	25	**1,261**	502
Deferred tax liabilities	26	**12**	12
Total non-current liabilities		**2,359**	4,049
NET ASSETS		**7,576**	7,628
EQUITY			
Share capital	27	**900**	900
Reserves	28	**6,674**	6,728
Equity attributable to owners of the Company		**7,574**	7,628
Non-controlling interests		**2**	–
TOTAL EQUITY		**7,576**	7,628

The consolidated financial statements on pages 47 to 115 were approved and authorised for issue by the board of directors on 28 March 2023:

WANG Lei
Director

WU Lili
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital S$'000	Share premium* S$'000	Other capital reserve* S$'000	Merger reserve* S$'000	Foreign currency translation reserve* S$'000	Accumulated losses* S$'000	Sub-total S$'000	Non-controlling interests S$'000	Total equity S$'000
At 1 January 2021	900	8,982	126	3,884	(6)	(5,689)	8,197	–	8,197
Loss and total comprehensive expense for the year	–	–	–	–	(10)	(559)	(569)	–	(569)
At 31 December 2021	900	8,982	126	3,884	(16)	(6,248)	7,628	–	7,628
At 1 January 2022	**900**	**8,982**	**126**	**3,884**	**(16)**	**(6,248)**	**7,628**	**–**	**7,628**
(Loss)/profit and total comprehensive (expense)/ income for the year	**–**	**–**	**–**	**–**	**21**	**(75)**	**(54)**	**2**	**(52)**
At 31 December 2022	**900**	**8,982**	**126**	**3,884**	**5**	**(6,323)**	**7,574**	**2**	**7,576**

Details regarding the share premium, other capital reserve and merger reserve are set out in note 28 to the consolidated financial statements.

* These reserve accounts comprise the consolidated reserves of S$6,674,000 (2021: S$6,728,000) in the consolidated statement of financial position.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2022

	Notes	2022 S$'000	2021 S$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		**102**	(441)
Adjustments for:			
Depreciation of property, plant and equipment	6	**1,228**	1,667
Depreciation of right-of-use assets	6	**679**	705
Amortisation of intangible assets	6	**–**	2
Fair value loss/(gain) on financial assets at fair value through profit or loss, net	5/6	**150**	(21)
Dividend from financial assets at fair value through profit or loss	5	**(12)**	–
Impairment losses of trade receivables, net	6	**56**	–
Gain on disposal of property, plant and equipment	5	**–**	(61)
Gain on disposal of right-of-use assets		**–**	(5)
Gain on disposal of a subsidiary	5	**(537)**	–
Interest expenses	7	**77**	157
Allowance for inventory obsolescence	6	**–**	333
Operating cash flows before movements in working capital		**1,743**	2,336
Increase in inventories		**(319)**	(72)
(Increase)/decrease in trade receivables		**(223)**	420
Increase in prepayments, other receivables and other assets		**(20)**	(275)
Increase/(decrease) in trade and other payables		**1,683**	(225)
(Decrease)/increase in contract liabilities		**(320)**	711
Cash generated from operations		**2,544**	2,895
Interest paid		**(77)**	(157)
Income tax paid		**(142)**	(91)
Net cash flows from operating activities		**2,325**	2,647

	Notes	2022 S$'000	2021 S$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment		**(463)**	(33)
Purchase of financial assets at fair value through profit or loss		**(850)**	(24)
Disposal of a subsidiary	30	**(2)**	–
Proceeds from disposal of property, plant and equipment		**–**	90
Dividend received from financial assets at fair value through profit or loss		**12**	–
Net cash flows (used in)/from investing activities		**(1,303)**	33
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from bank and other borrowings	29(b)	**–**	1,500
Repayment of bank and other borrowings	29(b)	**(1,100)**	(2,180)
(Decrease)/increase in amount due to a shareholder	29(b)	**(2,206)**	1,485
Increase in amount due to a director	29(b)	**2,206**	–
Repayment of principal portion of lease liabilities	29(b)	**(1,086)**	(1,122)
Net cash flows used in financing activities		**(2,186)**	(317)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		**(1,164)**	2,363
Cash and cash equivalents at beginning of year		**4,131**	1,768
Effect of exchange rate changes, net		**21**	–
CASH AND CASH EQUIVALENTS AT END OF YEAR		**2,988**	4,131
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Bank balances and cash	21	**2,988**	4,131

1. CORPORATE AND GROUP INFORMATION

Zhongshi Minan Holding Limited (formerly known as Zheng Li Holdings Limited) (the "Company") is an exempted company with limited liability incorporated in the Cayman Islands on 17 March 2016. The registered office of the Company is at the offices of Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong under Part 16 of the Companies Ordinance (Cap. 622) is at 9/F, Wah Yuen Building, 149 Queen's Road, Central, Hong Kong. The information of shareholders are disclosed in the directors' report to the annual report.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- maintenance and repair of passenger cars
- modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories
- provision of motor finance services
- trading of passenger cars
- development, manufacturing, consultancy and sale of smart kitchen appliances

INFORMATION ABOUT SUBSIDIARIES

The Company has direct and indirect interests in its subsidiaries, all of which are private limited liability companies, the particulars of which are set out below:

Company name	Place of incorporation/ registration and business	Issued ordinary share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
		S$'000	%	%	
MBM International Holdings Pte. Ltd. ("MBMI")	Singapore	4,500	100	–	Investment holding
MBM Wheelpower Pte. Ltd. ("MBM")	Singapore	125	–	100	Maintenance and repair of passenger cars
KBS Motorsports Pte. Ltd. ("KBS")	Singapore	100	–	100	Modification, tuning and grooming of the performance or appearance of passenger cars, trading of spare parts and accessories, and provision of motor finance services
Oriental Achiever Limited	British Virgin Islands	N.m.	100	–	Investment holding

Company name	Place of incorporation/ registration and business	Issued ordinary share capital S$'000	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Oriental Versed Limited	British Virgin Islands	N.m.	100	–	Investment holding
World Brilliant Investments Limited	Hong Kong	N.m.	–	100	Investment holding
Dragon Hero International Limited	Hong Kong	N.m.	–	100	Investment holding
Zhengzhou Car Zhujiao Car Sales Limited**	PRC*	N.m.	–	100	Trading of passenger cars
Beijing Zhengli Changsheng Technology Co., Limited**	PRC*	N.m.	–	100	Investment holding
Beijing Shianzhengli Technology Co., Limited**	PRC*	N.m.	–	100	Investment holding
Beijing Zhengli Zhongshi Technology Co., Limited**	PRC*	N.m.	–	60	Trading of food and kitchen appliances
Beijing Shiji Trading Technology Co., Limited**	PRC*	N.m.	–	60	Trading of food and kitchen appliances

None of the subsidiaries had issued any debt securities at the end of the year.

* "PRC" represents the People's Republic of China excluding the Hong Kong Special Administrative Region of the PRC, the Macau Special Administrative Region of the PRC and Taiwan.

** These companies are registered as wholly-foreign-owned enterprises under PRC law.

N.m.: Amount less than S$1,000.

Non-controlling interests of the Group is not material to the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

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

The consolidated financial statements have been prepared under the historical cost convention, except for financial assets at fair value through profit or loss, which has been measured at fair value. These consolidated financial statements are presented in the Singapore dollar ("SGD" or "S$") and all values are rounded to the nearest thousand ("S$'000") except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2022. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

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

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

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

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

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, or the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following amendments to IFRSs issued by the IASB for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2022 for the preparation of the consolidated financial statements:

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

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

Impacts on application of Amendments to IFRS 3 Reference to the Conceptual Framework

The Group has applied the amendments to business combinations for which the acquisition date was on or after 1 January 2022. The amendments update a reference in IFRS 3 Business Combinations so that it refers to the Conceptual Framework for Financial Reporting 2018 issued in June 2018 (the "Conceptual Framework") instead of Framework for the Preparation and Presentation of Financial Statements (replaced by the Conceptual Framework for Financial Reporting 2010 issued in October 2010), add a requirement that, for transactions and events within the scope of IAS 37 Provisions, Contingent Liabilities and Contingent Assets or IFRIC 21 Levies, an acquirer applies IAS 37 or IFRIC 21 instead of the Conceptual Framework to identify the liabilities it has assumed in a business combination and add an explicit statement that an acquirer does not recognize contingent assets acquired in a business combination.

The application of the amendments in the current year has had no impact on the Group's consolidated financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE IFRSs

New and amendments to IFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

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

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

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

Amendments to IAS 1 and IFRS Practice Statement 2 Disclosure of Accounting Policies

IAS 1 is amended to replace all instances of the term "significant accounting policies" with "material accounting policy information". Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The amendments also clarify that accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. If an entity chooses to disclose immaterial accounting policy information, such information must not obscure material accounting policy information.

IFRS Practice Statement 2 Making Materiality Judgements (the "Practice Statement") is also amended to illustrate how an entity applies the "four-step materiality process" to accounting policy disclosures and to judge whether information about an accounting policy is material to its financial statements. Guidance and examples are added to the Practice Statement.

The application of the amendments is not expected to have significant impact on the financial position or performance of the Group but may affect the disclosures of the Group's significant accounting policies. The impacts of application, if any, will be disclosed in the Group's future consolidated financial statements.

Amendments to IAS 8 Definition of Accounting Estimates

The amendments define accounting estimates as "monetary amounts in financial statements that are subject to measurement uncertainty". An accounting policy may require items in financial statements to be measured in a way that involves measurement uncertainty – that is, the accounting policy may require such items to be measured at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, an entity develops an accounting estimate to achieve the objective set out by the accounting policy. Developing accounting estimates involves the use of judgements or assumptions based on the latest available, reliable information.

In addition, the concept of changes in accounting estimates in IAS 8 is retained with additional clarifications.

The application of the amendments is not expected to have significant impact on the Group's consolidated financial statements.

2.4 FAIR VALUE MEASUREMENT

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the consolidated financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

2.5 IMPAIRMENT OF NON-FINANCIAL ASSETS

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.6 RELATED PARTIES

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

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

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group 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 employees of either the Group or an entity related to the Group; and the sponsoring employers of the post-employment benefit plan;

(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 the key management personnel of the entity (or of a parent of the entity); and

(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 parent of the Group.

2.7 PROPERTIES, PLANT AND EQUIPMENT AND DEPRECIATION

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The estimated useful lives of property, plant and equipment used are as follows:

Freehold property	–	50 years
Computers	–	3 years
Motor vehicles	–	5 years
Furniture and fittings	–	5 years
Office equipment	–	5 years
Renovation	–	Shorter of lease term or 5 years
Tools and machinery	–	5 years

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

2.8 INTANGIBLE ASSETS

Intangible assets acquired separately is measured on initial recognition at cost. The cost of intangible assets acquired in a business combination are their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

The useful lives of intangible assets of the Group are assessed as finite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the assets is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Software

Software is acquired separately and is amortised on the straight-line basis over its estimated useful life of 3 to 5 years.

2.9 LEASES

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

Group as a lessee

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

(a) Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease (that is the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease terms and the estimated useful lives of the assets as follows:

Properties	1 to 5 years
Equipment	3 to 4 years

If ownership of the leased asset transfers to the Group by the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

(b) Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date when the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in lease payments (e.g., a change to future lease payments resulting from a change in an index or rate) or a change in assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in bank and other borrowings.

(c) Short-term leases

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (that is those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

Lease payments on short-term leases are recognised as an expense on a straight-line basis over the lease term.

Group as a lessor

When the Group acts as a lessor, it classifies at lease inception (or when there is a lease modification) each of its leases as either an operating lease or a finance lease.

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. When a contract contains lease and non-lease components, the Group allocates the consideration in the contract to each component on a relative stand-alone selling price basis. Rental income is accounted for on a straight-line basis over the lease terms and is included in other income in profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Leases that transfer substantially all the risks and rewards incidental to ownership of an underlying assets to the lessee are accounted for as finance leases.

At the commencement date, the cost of the leased asset is capitalised at the present value of the lease payments and related payments (including the initial direct costs), and presented as a receivable at an amount equal to the net investment in the lease. The finance income of such leases is recognised in profit or loss so as to provide a constant periodic rate of charge over the lease terms.

2.10 INVESTMENTS AND OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income, and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15 in accordance with the policies set out for "Revenue recognition" below.

In order for a financial asset to be classified and measured at amortised cost or fair value through other comprehensive income, it needs to give rise to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows, while financial assets classified and measured at fair value through other comprehensive income are held within a business model with the objective of both holding to collect contractual cash flows and selling. Financial assets which are not held within the aforementioned business models are classified and measured at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at amortised cost (debt instruments)

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in profit or loss.

2.11 DERECOGNITION OF FINANCIAL ASSETS

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's combined statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or
- the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.12 IMPAIRMENT OF FINANCIAL ASSETS

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

General approach

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

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1	–	Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs
Stage 2	–	Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs
Stage 3	–	Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

2.13 FINANCIAL LIABILITIES

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as bank and other borrowings or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of bank and other borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, and interest-bearing bank and other borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Financial liabilities at amortised cost (bank and other borrowings and payables)

After initial recognition, these financial liabilities are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

2.14 DERECOGNITION OF FINANCIAL LIABILITIES

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

2.15 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of inventories comprises cost of purchasing finished goods. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

2.16 CASH AND CASH EQUIVALENTS

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group’s cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

2.17 PROVISIONS

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss and other comprehensive income.

2.18 INCOME TAX

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, and the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

2.19 GOVERNMENT GRANTS

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

2.20 REVENUE RECOGNITION

Revenue from contracts with customers

Revenue from contracts with customers is recognised when control of goods or services is transferred to the customers at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services.

When the consideration in a contract includes a variable amount, the amount of consideration is estimated to which the Group will be entitled in exchange for transferring the goods or services to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

When the contract contains a financing component which provides the customer with a significant benefit of financing the transfer of goods or services to the customer for more than one year, 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 between the Group and the customer at contract inception. When the contract contains a financing component which provides the Group a significant financial benefit for more than one year, revenue recognised under the contract includes the interest expense accreted on the contract liability under the effective interest method. For a contract where the period between the payment by the customer and the transfer of the promised goods or services is one year or less, the transaction price is not adjusted for the effects of a significant financing component, using the practical expedient in IFRS 15.

(a) *Sale of goods*

Revenue from the sale of spare parts, accessories and passenger cars is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) *Rendering of services – maintenance and repair services*

The Group provides maintenance and repair services, which relates to the repair of the manufacturer's defects, replacement of parts due to wear and tear, or repair of damage resulting from accidents. Maintenance and repair services are typically charged based on the labour time and cost of parts incurred.

Revenue from maintenance and repairs services is recognised at the point in time when services have been rendered.

(c) *Provision of modification, tuning and grooming services*

The Group provides modification, tuning and grooming services that are either sold separately or bundled together with the sale of products to a customer. For bundled packages, the Group accounts for the sale of products and services separately. The modification, tuning and grooming services can be obtained from other providers and do not significantly customise or modify the products.

Contracts for bundled sales of products and services are comprised of two performance obligations because the promises to transfer the products and provide installation services are capable of being distinct and separately identifiable. Accordingly, the transaction price is allocated based on the relative standalone selling prices of the products and modification, tuning and grooming services.

Revenue from modification, tuning and grooming services is recognised at the point in time when the services have been rendered.

(d) *Sale of food and kitchen appliances*

Revenue from sale of food and kitchen appliances is recognised at the point in time upon delivery of the goods.

(e) *Sale of extended warranty*

The performance obligation is satisfied over time as services are rendered and upfront payment is required and is recognised on a straight-line basis over the extended warranty period.

Revenue from other resources

Rental income is recognised on a time proportion basis over the lease terms.

Provision of motor finance services

Revenue from the provision of motor finance service is recognised over the scheduled repayment period because the customer simultaneously receives and consumes the benefits provided by the Group.

Other income

Interest income is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

2.21 CONTRACT LIABILITIES

A contract liability is recognised when a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related goods or services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e., transfers control of the related goods or services to the customer).

2.22 EMPLOYEE BENEFITS

The employees of the Group's subsidiaries which operate in Mainland China and Singapore are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries operating in Mainland China and Singapore are required to contribute a certain percentage of their payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

2.23 BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing cost capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.24 FOREIGN CURRENCIES

The functional currency of the Company is S$. The functional currency of the subsidiaries incorporated in Singapore is S$. As the Group mainly operates in Singapore, S$ is used as the presentation currency of the Group. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss and other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of certain overseas subsidiaries are currencies other than the Singapore dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into S$ at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Singapore dollar at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

3. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in note 2, the directors of the Company are required to make judgements, 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 on-going 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.

KEY SOURCES OF ESTIMATION UNCERTAINTY

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Loss allowance for trade receivables and loan receivables from third parties

Management recognises a loss allowance for lifetime ECLs on the trade receivables individually or collectively. Except for significant balances or credit-impaired amounts which are assessed for impairment individually, the remaining trade receivables are grouped under a collective assessment after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, age, and coverage by letters of credit and other forms of credit insurance).

The Group calculates the ECLs for loan receivables from third parties by grouping the debtors based on shared credit risk characteristics. The internal credit risk ratings are determined on a combination of collective and individual basis taking into account of qualitative (such as debtors' operating conditions, financial positions, external rating of debtors, etc.) and quantitative factors (mainly includes past due information of the loan receivables from third parties). The measurement of ECL is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is by referencing the external data adjusted by macroeconomic factors and forward-looking information, etc..

The assessment of the correlation among historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of a customer's actual default in the future. The information about the ECLs on the Group's trade receivables and loan receivables from third parties is disclosed in notes 19 and 20 to the consolidated financial statements.

The information about the ECLs and the Group's trade receivables and loan receivables from third parties are disclosed in notes 34, 19 and 20 respectively. The carrying amount of trade receivables and loan receivables from third parties at 31 December 2022 are S$1,134,000 and S$1,671,000 respectively (2021: S$967,000 and S$1,618,000 respectively) (net of allowance for impairment loss of S$118,000 and nil respectively (2021: S$62,000 and nil respectively)).

Allowance for inventory obsolescence

Allowance for inventory obsolescence is based on management's judgement using the available facts and circumstances, including, but not limited to, the inventories' own physical conditions, their market selling prices, and estimated selling costs of the inventories. The allowance is re-evaluated and adjusted as additional information received affects the amount estimated. The net carrying amounts of the Group's inventories as at 31 December 2022 and 2021 were S$1,293,000 and S$975,000, respectively.

Estimated useful life of property, plant and equipment

At the end of each reporting period, the directors of the Company review the estimated useful life of property, plant and equipment with finite useful life. The estimated useful life reflects the directors' estimates of the periods that the Group intends to derive future economic benefits from the use of the Group's property, plant and equipment. The residual values reflect the directors' estimated amount that the Group would currently obtain from disposal of the assets, after deducting the estimated costs of disposal, if the assets were already of the age and in the condition expected at the end of its useful life. The carrying amounts of property, plant and equipment with finite useful life as at 31 December 2022 were S$3,044,000 (2021: S$3,818,000).

4. OPERATING SEGMENT INFORMATION

During the year ended 31 December 2022, the Group commenced the business engaging in development, manufacturing and sale of smart kitchen appliances, and it is considered as a new reportable and operating segment by the management. Accordingly, for management purposes, the Group is organized into business units based on their products and services, and has three reportable segments as follows:

i. The maintenance and repair services segment relates to the repair of manufacturer's defects, replacement of parts due to wear and tear, or repair of damage resulting from accidents. Maintenance and repair services are typically charged based on the labour time and cost of parts incurred ("Maintenance and repair services").

ii. The modification, tuning and grooming services and trading of spare parts and accessories segment relates to the modification, tuning and grooming of the performance or appearance of passenger cars and the trading of spare parts and accessories ("Modification, tuning and grooming services and trading of spare parts and accessories").

iii The development, manufacturing and sale of smart kitchen appliances segment ("Smart kitchen").

iv. The "others" segment comprises, principally, the provision of motor finance services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss which in certain respects, as explained in the tables below, is measured differently from the consolidated financial statements. Income taxes are managed on a group basis and are not allocated to operating segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated expenses and income comprise expenses and other sources of income which are not directly attributable to the identified segments.

Inter-segment sales and transfers are on terms' agreement in a manner similar to transactions with third parties at the then prevailing market prices. Segment revenue, expenses and results include transfers between business segments. These transfers are eliminated on consolidation.

Year ended 31 December 2022

	Maintenance and repair services S$'000	Modification, tuning and grooming services and trading of spare parts and accessories S$'000	Smart kitchen S$'000	Others S$'000	Adjustments and eliminations S$'000	Total S$'000
Revenue:						
External customers	15,002	6,246	2,212	133	–	23,593
Inter-segment	126	131	–	180	(437)	–
	15,128	6,377	2,212	313	(437)	23,593
Results:						
Cost of materials	(7,168)	(4,420)	(1,416)	–	257	(12,747)
Marketing and advertising expenses	(89)	(6)	(329)	–	–	(424)
Employee benefits expense	(5,093)	(1,388)	(300)	(68)	–	(6,849)
Depreciation and amortisation expense	(1,750)	(269)	(2)	(52)	166	(1,907)
Other expenses	(1,299)	(273)	(171)	(32)	157	(1,618)
Segment (loss)/profit	(271)	21	(6)	161	143	48
Unallocated other expenses						(851)
Unallocated other income and gains						1,129
Unallocated employee benefits expense						(125)
Unallocated finance costs						(99)
Profit before tax						102
Income tax expense						(175)
Loss for the year						(73)

Year ended 31 December 2021

	Maintenance and repair services S$'000	Modification, tuning and grooming services and trading of spare parts and accessories S$'000	Others S$'000	Adjustments and eliminations S$'000	Total S$'000
Revenue:					
External customers	14,541	5,587	105	–	20,233
Inter-segment	126	119	180	(425)	–
	14,667	5,706	285	(425)	20,233
Results:					
Cost of materials	(6,831)	(3,910)	–	(88)	(10,829)
Marketing and advertising expenses	(104)	(11)	–	–	(115)
Employee benefits expense	(4,821)	(1,374)	(34)	–	(6,229)
Depreciation and amortisation expense	(2,156)	(303)	(80)	165	(2,374)
Other expenses	(823)	(216)	(143)	156	(1,026)
Segment (loss)/profit	(68)	(108)	28	(192)	(340)
Unallocated other expenses					(487)
Unallocated other income and gains					724
Unallocated employee benefits expense					(136)
Unallocated finance costs					(202)
Loss before tax					(441)
Income tax expense					(118)
Loss for the year					(559)

As at 31 December 2022

	Maintenance and repair services S$'000	Modification, tuning and grooming services and trading of spare parts and accessories S$'000	Smart kitchen S$'000	Others S$'000	Adjustments and eliminations S$'000	Total S$'000
Assets:						
Property, plant and equipment	831	128	19	2,066	–	3,044
Right-of-use assets	1,877	84	–	–	(125)	1,836
Other segment assets	10,562	6,705	605	6,658	(10,421)	14,109
Segment assets	13,270	6,917	624	8,724	(10,546)	18,989
Unallocated assets*						749
Total assets						19,738
Liabilities:						
Segment liabilities	6,775	3,287	634	2,283	(3,918)	9,061
Unallocated liabilities*						3,101
Total liabilities						12,162
Other segment information						
Additions to non-current assets**	463	–	–	–	–	463

* The unallocated assets mainly include corporate assets. The unallocated liabilities mainly include corporate liabilities, tax payable and deferred tax liabilities.

** Additions to non-current assets consist of additions to property, plant and equipment and intangible assets and exclude financial instruments.

As at 31 December 2021

	Maintenance and repair services S$'000	Modification, tuning and grooming services and trading of spare parts and accessories S$'000	Others S$'000	Adjustments and eliminations S$'000	Total S$'000
Assets:					
Property, plant and equipment	1,445	246	2,127	–	3,818
Right-of-use assets	930	229	7	(291)	875
Other segment assets	11,117	5,329	7,302	(8,753)	14,995
Segment assets	13,492	5,804	9,436	(9,044)	19,688
Unallocated assets*					28
Total assets					19,716
Liabilities:					
Segment liabilities	7,119	2,386	2,869	(2,577)	9,797
Unallocated liabilities*					2,291
Total liabilities					12,088
Other segment information					
Additions to non-current assets**	21	12	–	–	33

* The unallocated assets mainly include corporate assets. The unallocated liabilities mainly include corporate liabilities, tax payable and deferred tax liabilities.

** Additions to non-current assets consist of additions to property, plant and equipment and intangible assets and exclude financial instruments.

INFORMATION ABOUT MAJOR CUSTOMERS

Since none of the Group's sales to a single customer accounted for 10% or more of the Group's total revenue during the year, no major customer information is presented in accordance with IFRS 8 *Operating Segment*.

Geographical Information

(a) Revenue

	2022 S$'000	2021 S$'000
Geographical information		
Singapore	**17,929**	17,731
Mainland China	**4,347**	1,127
Other Asia-Pacific countries	**1,317**	1,370
Others	**–**	5
	23,593	20,233

(b) Non-current assets

	2022 S$'000	2021 S$'000
Geographical information		
Singapore	**6,147**	3,684
Mainland China	**18**	2,183
	6,165	5,867

The revenue information is based on the locations of the customers and the non-current assets information is based on the locations of the assets and excludes financial instruments.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents services rendered to customers and invoiced trading sales for the year.

An analysis of revenue, other income and gains is as follows:

	2022 S$'000	2021 S$'000
Revenue from contracts with customers		
– Maintenance and repair services	**15,002**	14,541
– Modification, tuning and grooming services and trading of spare parts and accessories	**6,246**	5,587
– Smart kitchen	**2,212**	–
Revenue from other sources		
– Provision of motor finance services	**133**	105
	23,593	20,233
Other income and gains		
Government grants*	**100**	259
Rental income	**126**	127
Commission income from sales of passenger cars	**107**	79
Administrative income	**87**	98
Fair value gain on a financial asset at fair value through profit or loss	**2**	21
Gain on disposal of property, plant and equipment	**–**	61
Gain on disposal of a subsidiary (note 30)	**537**	–
Dividends from financial assets at fair value through profit or loss	**12**	–
Others	**158**	79
	1,129	724

* The amount mainly represents rewards or subsidies under the Productivity and Innovation Credit Scheme and the Wage Credit Scheme which were received from the Singapore government. There are no unfulfilled conditions or contingencies relating to these grants.

(I) DISAGGREGATED REVENUE INFORMATION

For the year ended 31 December 2022

	Maintenance and repair services S$'000	Modification, tuning and grooming services and trading of spare parts and accessories S$'000	Smart kitchen S$'000	Others S$'000	Total S$'000
Type of goods or services					
Sale of goods of industrial products	–	5,535	–	–	5,535
Rendering of services	14,241	711	–	–	14,952
Provision of motor finance services	–	–	–	133	133
Sale of extended warranty	761	–	–	–	761
Sale of food and kitchen appliances	–	–	2,212	–	2,212
	15,002	6,246	2,212	133	23,593
Geographical markets					
Singapore	15,002	2,794	–	133	17,929
Mainland China	–	2,135	2,212	–	4,347
Other Asia-Pacific countries	–	1,317	–	–	1,317
	15,002	6,246	2,212	133	23,593
Timing of revenue recognition					
Services and goods transferred at a point in time	14,241	6,246	2,212	–	22,699
Services transferred over time	761	–	–	133	894
	15,002	6,246	2,212	133	23,593

For the year ended 31 December 2021

	Maintenance and repair services S$'000	Modification, tuning and grooming services and trading of spare parts and accessories S$'000	Others S$'000	Total S$'000
Type of goods or services				
Sale of goods of industrial products	–	4,899	–	4,899
Rendering of services	13,769	688	–	14,457
Provision of motor finance services	–	–	105	105
Sale of extended warranty	772	–	–	772
	14,541	5,587	105	20,233
Geographical markets				
Singapore	14,541	3,085	105	17,731
Mainland China	–	1,127	–	1,127
Other Asia-Pacific countries	–	1,370	–	1,370
Others	–	5	–	5
	14,541	5,587	105	20,233
Timing of revenue recognition				
Services and goods transferred at a point in time	13,968	5,587	–	19,555
Services transferred over time	573	–	105	678
	14,541	5,587	105	20,233

(II) PERFORMANCE OBLIGATIONS

Information about the Group's performance obligations is summarised below:

Sale of goods of industrial products

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required.

Maintenance and repair services and modification, tuning and grooming services

The performance obligation is satisfied at a point in time as services are rendered and payment is generally due upon completion of services and customer acceptance.

Sale of extended warranty

The performance obligation is satisfied over time as services are rendered and upfront payment is required and is recognised on a straight-line basis over the extended warranty period.

Provision of motor finance services

The performance obligation is satisfied over time as services are rendered and payment is due according to the monthly instalment schedule.

Sale of food and kitchen appliances

The performance obligation is satisfied upon delivery of the goods and payment is generally due within 30 days from delivery.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December are as follows:

	2022 **S$'000**	2021 S$'000
Amounts expected to be recognised as revenue:		
Within one year	**2,261**	2,383
After one year	**673**	916
	2,934	3,299

The amounts of transaction prices allocated to the remaining performance obligations which are expected to be recognised as revenue after one year relate to sales of extended warranty, of which the performance obligations that are to be satisfied after one year. All the other amounts of transaction prices allocated to the remaining performance obligations are expected to be recognised as revenue within one year. The amounts disclosed above do not include variable consideration which is constrained.

6. PROFIT/(LOSS) BEFORE TAX

The Group's profit/(loss) before tax is arrived at after charging/(crediting):

	Notes	**2022 S$'000**	2021 S$'000
Auditor's remuneration		**222**	225
Staff costs (excluding directors' and chief executive's remuneration)	9	**6,914**	6,344
Depreciation of property, plant and equipment	14	**1,228**	1,667
Depreciation of right-of-use assets	15(a)	**679**	705
Amortisation of intangible assets	16	**–**	2
Impairment losses of trade receivables, net	19	**56**	–
Fair value loss on a financial asset at fair value through profit or loss (included in other expenses)		**152**	–
Expense relating to short-term leases	15(c)	**156**	156
Exchange losses, net		**96**	21
Allowance for inventory obsolescence	18	**–**	333
Gain on disposal of right-of-use assets		**–**	(5)

7. FINANCE COSTS

	2022 S$'000	2021 S$'000
Interest expenses		
– Bank borrowings	**50**	100
– Lease liabilities (note 15)	**27**	57
Bank charges	**22**	45
Total interest expenses on financial liabilities not at fair value through profit or loss	**99**	202

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

	2022 S$'000	2021 S$'000
Fees	**11**	21
Salaries, allowances and benefits in kind	**49**	–
Discretionary performance-related bonuses	**–**	–
Pension scheme contributions	**–**	–
	60	21

The emoluments paid or payable to each of the directors and the chief executive of the Company for the year were as follows:

Year ended 31 December 2022

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary performance-related bonuses S$'000	Pension scheme contributions S$'000	Total remuneration S$'000
(a) Executive directors:					
Mr. CHUA Boon Hou (Cai Wenhao) (note i)	–	–	–	–	–
Mr. YAN Jianqiang (note ii)	–	–	–	–	–
Mr. FENG Wei (note viii)	–	–	–	–	–
Mr. WANG Lei (note ix)	–	22	–	–	22
Ms. WU Lili (note xiii)	–	15	–	–	15
	–	37	–	–	37
(b) Non-executive directors:					
Mr. WANG Bing (note x)	–	–	–	–	–
Mr. ZHAO Yanjiao (note xiv)	–	12	–	–	12
	–	12	–	–	12
(c) Independent non-executive directors:					
Mr. LEUNG Yiu Cho (note v)	11	–	–	–	11
Mr. CHEN Huichun (note vii)	–	–	–	–	–
Mr. ZHAO Wei (note xi)	–	–	–	–	–
Mr. GAO Yan (note xii)	–	–	–	–	–
	11	–	–	–	11
	11	49	–	–	60

Year ended 31 December 2021

	Fees S$'000	Salaries, allowances and benefits in kind S$'000	Discretionary performance-related bonuses S$'000	Pension scheme contributions S$'000	Total remuneration S$'000
(a) Executive directors:					
Mr. CHUA Boon Hou (Cai Wenhao) (note i)	–	–	–	–	–
Mr. YAN Jianqiang (note ii)	–	–	–	–	–
Mr. WU Tangqing (note iii)	–	–	–	–	–
Mr. FENG Wei (note viii)	–	–	–	–	–
	–	–	–	–	–
(b) Non-executive directors:					
Mr. YUAN Guoshun (note iv)	–	–	–	–	–
Mr. WANG Bing (note x)	–	–	–	–	–
	–	–	–	–	–
(c) Independent non-executive directors:					
Mr. LEUNG Yiu Cho (note v)	21	–	–	–	21
Mr. ZHANG Guangdong (note vi)	–	–	–	–	–
Mr. CHEN Huichun (note vii)	–	–	–	–	–
Mr. ZHAO Wei (note xi)	–	–	–	–	–
	21	–	–	–	21
	21	–	–	–	21

Mr. CHUA Boon Hou, Mr. YAN Jiangiang, Mr. FENG Wei, Mr. WANG Bing, Mr. CHEN Huichun, Mr. ZHAO Wei and Mr. GAO Yan waived emoluments of S$211,000, S$52,809, S$21,123, S$21,123, S$21,123, S$21,123 and S$24,575 respectively for the year ended 31 December 2022 (2021: Mr. CHUA Boon Hou: S$211,000; Mr. YAN Jianqiang: S$52,440; Mr. WU Tanqging: S$20,976; Mr. YUAN Guoshun: S$5,244; Mr. ZHANG Guangdong: S$20,976 and Mr. ZHAO Wei: S$4,079). Except these, no other directors waived or agreed to waive any emoluments for both years.

The executive directors' emoluments shown above were paid for their services in connection with the management of the affairs of the Company and the Group. The emoluments of the non-executive directors and independent non-executive directors shown above were paid for their services as directors of the Company.

Notes:

(i) Mr. CHUA Boon Hou (Cai Wenhao) was appointed as an executive director of the Company on 13 April 2016.

(ii) Mr. YAN Jianqiang was appointed as an executive director of the Company on 12 October 2018 and resigned on 9 February 2022.

(iii) Mr. WU Tangqing was appointed as a non-executive director of the Company on 23 April 2018, re-designated as an executive director on 7 April 2020 and resigned on 30 December 2021.

(iv) Mr. YUAN Guoshun was re-designated as a non-executive director of the Company on 7 April 2020 and resigned on 30 December 2021.

(v) Mr. LEUNG Yiu Cho was appointed as an independent non-executive director of the Company on 21 October 2016 and resigned on 30 June 2022.

(vi) Mr. ZHANG Guangdong was appointed as an independent non-executive directors of the Company on 27 June 2018 and resigned on 31 March 2021.

(vii) Mr. CHEN Huichun was appointed as an independent non-executive director of the Company on 11 September 2019.

(viii) Mr. FENG Wei was appointed as an executive director of the Company on 30 December 2021.

(ix) Mr. WANG Lei was appointed as an executive director of the Company on 9 February 2022.

(x) Mr. WANG Bing was appointed as a non-executive director of the Company on 30 December 2021.

(xi) Mr. ZHAO Wei was appointed as an independent non-executive director of the Company on 20 October 2021.

(xii) Mr. GAO Yan was appointed as an independent non-executive director of the Company on 30 June 2022.

(xiii) Ms. WU Lili was appointed as an executive director of the Company on 30 June 2022.

(xiv) Mr. ZHAO Yanjiao was appointed as a non-executive director of the Company on 30 June 2022.

9. EMPLOYEE BENEFITS EXPENSE

	2022 **S$'000**	2021 S$'000
Directors' remuneration (note 8):		
– Fees	**11**	21
– Salaries, allowances and benefits in kind	**49**	–
– Discretionary performance-related bonuses	**–**	–
– Pension scheme contributions	**–**	–
	60	21
Staff costs (excluding directors' remuneration):		
– Salaries and bonuses	**6,098**	5,358
– Pension scheme contributions	**494**	480
– Foreign worker levy	**181**	192
– Staff welfare and others	**141**	314
	6,914	6,344
	6,974	6,365

10. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees of the Group during the year did not include any director (2021: none), details of whose remuneration are set out in note 8 above. Details of the remuneration of the five (2021: five) highest paid employees who are neither a director nor chief executive of the Group for the year are as follows:

	2022 **S$'000**	2021 S$'000
Salaries, allowances and benefits in kind	**1,105**	870
Discretionary performance-related bonuses	**36**	18
Pension scheme contributions	**95**	92
	1,236	980

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following band is as follows:

	Number of employees	
	2022	2021
Nil to HK$1,000,000 (equivalent to S$176,028)	**3**	4
HK$1,000,001 to HK$2,500,000 (equivalent to S$176,029 to S$440,070)	**1**	–
HK$2,500,001 to HK$4,000,000 (equivalent to S$440,071 to S$704,085)	**1**	1

During the years ended 31 December 2022 and 2021, no remuneration was paid by the Group to any of the five highest paid employees as an inducement to join or upon joining the Group or as compensation for loss of office.

11. INCOME TAX EXPENSE

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

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

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

Subsidiaries in the PRC are subject to taxation at a rate of 25% on the estimated profits arising in the PRC for both years.

	2022 **S$'000**	2021 S$'000
Current income tax (Singapore income tax)		
– Current year	**153**	118
– Underprovision in respect of prior years	**22**	–
Income tax expense	**175**	118

A reconciliation of the income tax expense applicable to profit/(loss) before tax at the statutory/applicable rates for the countries or jurisdictions in which the Company's subsidiaries are domiciled to the income tax expense at the effective tax rates is as follows:

	2022 **S$'000**	2021 S$'000
Profit/(loss) before tax	**102**	(441)
Tax at the statutory tax rate	**21**	(90)
Income not subject to tax	**(122)**	(39)
Expenses not deductible for tax	**304**	252
Tax losses not recognised	**–**	47
Underprovision in respect of prior years	**22**	–
Effect of partial tax exemption and tax relief	**(50)**	(36)
Others	**–**	(16)
Income tax expense	**175**	118

12. DIVIDENDS

There were no dividends paid or payable for the year ended 31 December 2022 (2021: Nil).

13. LOSS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

The calculation of the basic and diluted loss per share is based on the following data:

	2022 **S$'000**	2021 S$'000
Loss for the purpose of basic loss per share		
Loss for the year attributable to the owners of the Company	**(75)**	(559)

	2022 **'000**	2021 '000
Number of shares for the purpose of basic loss per share		
Weighted average number of ordinary shares	**2,000,000**	2,000,000

Basic loss per share for the year ended 31 December 2022 is S0.004 cents (2021: basic loss per share of S0.03 cents).

The Group had no potential ordinary shares in issue during the years ended 31 December 2022 and 2021, accordingly diluted loss per share is not presented.

14. PROPERTY, PLANT AND EQUIPMENT

	Freehold property S$'000	Computers S$'000	Motor vehicles S$'000	Furniture and fittings S$'000	Office equipment S$'000	Renovation S$'000	Tools and machinery S$'000	Total S$'000
As at 31 December 2022								
As at 1 January 2022								
Cost	**2,583**	**91**	**2,416**	**825**	**325**	**4,195**	**1,653**	**12,088**
Accumulated depreciation	**(468)**	**(81)**	**(1,556)**	**(720)**	**(287)**	**(3,667)**	**(1,491)**	**(8,270)**
Carrying amount	**2,115**	**10**	**860**	**105**	**38**	**528**	**162**	**3,818**
As at 1 January 2022	**2,115**	**10**	**860**	**105**	**38**	**528**	**162**	**3,818**
Additions, at cost	**–**	**256**	**179**	**18**	**–**	**–**	**10**	**463**
Disposal of a subsidiary (note 30)	**–**	**–**	**–**	**–**	**(7)**	**–**	**(2)**	**(9)**
Depreciation provided during the year (note 6)	**(52)**	**(22)**	**(359)**	**(114)**	**(31)**	**(480)**	**(170)**	**(1,228)**
As at 31 December 2022	**2,063**	**244**	**680**	**9**	**–**	**48**	**–**	**3,044**
As at 31 December 2022								
Cost	**2,583**	**338**	**2,609**	**843**	**311**	**4,195**	**1,655**	**12,534**
Accumulated depreciation	**(520)**	**(94)**	**(1,929)**	**(834)**	**(311)**	**(4,147)**	**(1,655)**	**(9,490)**
Carrying amount	**2,063**	**244**	**680**	**9**	**–**	**48**	**–**	**3,044**
As at 31 December 2021								
As at 1 January 2021								
Cost	2,583	91	2,616	824	323	4,193	1,642	12,272
Accumulated depreciation	(416)	(63)	(1,292)	(569)	(244)	(2,953)	(1,254)	(6,791)
Carrying amount	2,167	28	1,324	255	79	1,240	388	5,481
As at 1 January 2021	2,167	28	1,324	255	79	1,240	388	5,481
Additions, at cost	–	–	17	1	2	2	11	33
Disposals	–	–	(29)	–	–	–	–	(29)
Depreciation provided during the year (note 6)	(52)	(18)	(452)	(151)	(43)	(714)	(237)	(1,667)
As at 31 December 2021	2,115	10	860	105	38	528	162	3,818
As at 31 December 2021								
Cost	2,583	91	2,416	825	325	4,195	1,653	12,088
Accumulated depreciation	(468)	(81)	(1,556)	(720)	(287)	(3,667)	(1,491)	(8,270)
Carrying amount	2,115	10	860	105	38	528	162	3,818

The freehold property is located at 9 Tagore Lane #03-10, 9@Tagore, Singapore 787472 and represents a commercial unit in a building for the Group's warehousing purpose. The carrying amount of the Group's freehold property as at 31 December 2022 was S$2,063,000 (2021: S$2,115,000), and the property was mortgaged as security for the facilities as set out in note 25 to the consolidated financial statements.

15. LEASES

THE GROUP AS A LESSEE

The Group has lease contracts for various items of properties and other equipment used in its operations. Leases of properties generally have lease terms between 2 and 5 years. Other equipment generally has lease terms between 3 and 4 years. Generally, the Group is restricted from assigning and subleasing the leased assets outside the Group.

(a) Right-of-use assets

The carrying amounts of the Group's right-of-use assets and the movements during the year are as follows:

	Properties S$'000	Equipment S$'000	Total S$'000
As at 1 January 2021	1,504	28	1,532
Additions	–	60	60
Depreciation charge during the year (note 6)	(690)	(15)	(705)
Disposals	–	(12)	(12)
As at 31 December 2021	814	61	875
Additions	1,647	–	1,647
Depreciation charge during the year (note 6)	(664)	(15)	(679)
Disposal of a subsidiary (note 30)	(7)	–	(7)
As at 31 December 2022	1,790	46	1,836

(b) Lease liabilities

The carrying amount of lease liabilities (included under bank and other borrowings) and the movements during the year are as follows:

	2022 S$'000	2021 S$'000
Carrying amount 1 January	**1,577**	2,656
New leases	**1,647**	60
Disposal of a subsidiary (note 30)	**(7)**	–
Disposals	**–**	(17)
Accretion of interest recognised during the year (note 7)	**27**	57
Payments	**(1,113)**	(1,179)
Carrying amount at 31 December	**2,131**	1,577
Analysed into:		
Current portion (note 25)	**870**	1,075
Non-current portion (note 25)	**1,261**	502

The maturity analysis of lease liabilities is disclosed in note 34 to the consolidated financial statements.

(c) The amounts recognised in profit or loss in relation to leases are as follows:

	2022 S$'000	2021 S$'000
Interest on lease liabilities (note 7)	**27**	57
Depreciation of right-of-use assets (note 6)	**679**	705
Expense relating to short-term leases (note 6)	**156**	156
Total amount recognised in profit or loss	**862**	918

16. INTANGIBLE ASSETS

	Software S$'000
As at 31 December 2022	
Net carrying amount as at 1 January 2022	**–**
Amortisation provided during the year (note 6)	**–**
Net carrying amount as at 31 December 2022	**–**
As at 31 December 2022	
Cost	**936**
Accumulated amortisation and impairment loss	**(936)**
Carrying amount	**–**
As at 31 December 2021	
Net carrying amount as at 1 January 2021	2
Amortisation provided during the year (note 6)	(2)
Net carrying amount as at 31 December 2021	–
As at 31 December 2021	
Cost	936
Accumulated amortisation and impairment loss	(936)
Carrying amount	–

17. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2022 S$'000	2021 S$'000
Non-current		
Financial assets at fair value through profit or loss		
Life insurance policy, at fair value (note a)	**560**	558
Current		
Listed equity securities		
– overseas (note b)	**722**	24
	1,282	582

Notes:

(a) The Group has entered into a life insurance policy with an insurance company to insure the executive director of a subsidiary of the Company. Under this policy, the Group is the beneficiary and the policyholder. The Group paid upfront premiums for this policy and may surrender any time by filing a written request and receive cash based on the surrender value of the policy at the date of withdrawal, which is calculated by the insurer. In the opinion of the Directors, the surrender value of the policy provided by the insurance company is the best approximation of its fair value, which is categorised within Level 2 of the fair value hierarchy. An increase/decrease of 5% in the surrender value of the policy would result in an increase/decrease of S$28,000 (2021: S$24,000) in profit/(loss) after tax. This life insurance policy is pledged to secure interest bearing loans granted to the Group (note 25).

It was classified as a financial asset at fair value through profit or loss as its contractual cash flows are not solely payments of principal and interest.

(b) The fair value of listed equity securities are based on quoted market prices in active market.

18. INVENTORIES

	2022 S$'000	2021 S$'000
Spare parts and accessories	**671**	642
Motor vehicles	**304**	333
Food and equipment and consumables	**318**	–
	1,293	975

Inventories are stated net of allowance for inventory obsolescence of S$716,000 as at 31 December 2022 (2021: S$716,000). During the year ended 31 December 2021, allowance for inventory obsolescence amounting to S$333,000 (2022: Nil) was recognised.

19. TRADE RECEIVABLES

	2022 S$'000	2021 S$'000
Trade receivables, gross carrying amount	**1,252**	1,029
Less: Impairment losses recognised	**(118)**	(62)
	1,134	967

Trade receivables are non-interest-bearing and are generally on 30 days' terms (2021: 30 days' terms). They are recognised at their original invoice amounts which represent their fair values on initial recognition.

An ageing analysis of the gross carrying amount of trade receivables as at the end of the reporting period, based on the date of the goods sold or services rendered, is as follows:

	2022 S$'000	2021 S$'000
Less than 30 days	**1,050**	795
30–60 days	**39**	71
61–90 days	**18**	36
91–120 days	**28**	8
More than 120 days	**117**	119
	1,252	1,029

The movements of the allowance accounts used to record the impairment are as follows:

	2022 S$'000	2021 S$'000
At beginning of year	**62**	293
Impairment losses recognised	**56**	–
Write-offs of trade receivables	**–**	(231)
At end of year	**118**	62

Management recognises a loss allowance for lifetime ECLs on the trade receivables individually or collectively. Except for significant balances or credit-impaired amounts which are assessed for impairment individually, the remaining trade receivables are grouped under a collective assessment after considering internal credit ratings of trade debtors, ageing, repayment history and/or past due status of respective trade receivables. Estimated loss rates are based on historical observed default rates over the expected life of the debtors and are adjusted for supportable forward-looking information that is reasonable and supportable available without due costs or effort.

Set out below is the information about the credit risk exposure on the Group's trade receivables:

As at 31 December 2022

		Past due			
	Current S$'000	**Less than 1 month S$'000**	**1 to 3 months S$'000**	**Over 3 months S$'000**	**Total S$'000**
Gross carrying amount	**1,054**	**35**	**46**	**117**	**1,252**
Expected credit losses	**–**	**–**	**(1)**	**(117)**	**(118)**
	1,054	**35**	**45**	**–**	**1,134**

As at 31 December 2021

		Past due			
	Current S$'000	Less than 1 month S$'000	1 to 3 months S$'000	Over 3 months S$'000	Total S$'000
Gross carrying amount	795	54	11	169	1,029
Expected credit losses	–	–	–	(62)	(62)
	795	54	11	107	967

20. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

	2022 S$'000	2021 S$'000
Non-current		
Prepayments	**–**	99
Loan receivables from third parties*	**1,285**	1,075
	1,285	1,174
Current		
Prepayments	**855**	405
Other receivables	**633**	308
Deposits**	**5,002**	5,938
Loan receivables from third parties*	**386**	543
	6,876	7,194
	8,161	8,368

* The amount mainly represents interest-bearing S$ loans provided to customers for the purchase of vehicles.

** The amount mainly represents deposits paid for the purchase of vehicles for resale purpose.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 31 December 2022 and 2021, the loss allowance was assessed to be minimal.

The Group calculates the ECLs for loan receivables from third parties by grouping the debtors based on shared credit risk characteristics. The internal credit risk ratings are determined on a combination of collective and individual basis taking into account of qualitative (such as debtors' operating conditions, financial positions, external rating of debtors, etc.) and quantitative factors (mainly includes past due information of the loan receivables from third parties). The measurement of ECLs is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is by referencing the external data adjusted by macroeconomic factors and forward-looking information, etc..

Set out below is the information about the credit risk exposure on the Group's loan receivables from third parties:

	2022 S$'000	2021 S$'000
Gross carrying amount	**1,671**	1,618
Expected credit losses	**–**	–
	1,671	1,618

21. CASH AND CASH EQUIVALENTS

	2022 S$'000	2021 S$'000
Bank balances and cash	**2,988**	4,131

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

Cash and cash equivalents denominated in foreign currencies are as follows:

	2022 Local currency '000	2022 S$'000	2021 Local currency '000	2021 S$'000
Hong Kong dollar	**7**	**1**	7	1
Renminbi	**318**	**62**	13	2

Conversion of Renminbi into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

22. TRADE AND OTHER PAYABLES

	2022 S$'000	2021 S$'000
Trade payables	**1,259**	703
Other payables	**1,434**	1,478
Accrued expenses	**1,220**	778
Amount due to a shareholder*	**–**	2,206
Amount due to a director**	**2,206**	–
	6,119	5,165
Analysed into:		
Classified under current liabilities:		
Payable within one year	**6,119**	2,959
Classified under non-current liabilities:		
Payable within second to third year	**–**	2,206
	6,119	5,165

* The amount represented non-interest-bearing financial support provided to the Group from a shareholder, which is due in 2023.

** The amount represents non-interest-bearing financial support provided to the Group from a director, which is repayable on demand.

Trade and other payables are normally settled on 60 days' terms (2021: 60 days' terms). These amounts are non-interest-bearing.

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

	2022 S$'000	2021 S$'000
Less than 30 days	**721**	628
30–60 days	**232**	55
61–90 days	**1**	1
91–120 days	**288**	6
More than 120 days	**17**	13
	1,259	703

23. PROVISIONS

	Reinstatement costs S$'000
As at 1 January 2022	**413**
Reversed during the year	**–**
As at 31 December 2022	**413**
Represented by:	
– payable within one year	**–**
– payable within second year classified under non-current liabilities	**–**
– payable within third to fifth year classified under non-current liabilities	**413**
As at 31 December 2022	**413**

	Reinstatement costs S$'000
As at 1 January 2021	413
Reversed during the year	–
As at 31 December 2021	413
Represented by:	
– payable within one year	–
– payable within second year classified under non-current liabilities	413
– payable within third to fifth year classified under non-current liabilities	–
As at 31 December 2021	413

The amount represents the provision for reinstatement costs for rented premises and is related to the estimated costs of reinstating the rented premises to be carried out at the end of respective lease periods.

24. CONTRACT LIABILITIES

Contract liabilities primarily relate to the Group's obligation to transfer services to customers for which the Group has received advances from the customers.

Details of contract liabilities are as follows:

	2022 **S$'000**	2021 S$'000
Advances received from customers		
Sale of goods	**1,416**	1,506
Maintenance and repair services	**233**	496
Sale of extended warranty	**1,285**	1,297
Total contract liabilities	**2,934**	3,299

Contract liabilities include advances received to deliver industrial products, render maintenance and repair, modification, tuning and grooming services, and to provide a sales-integrated service platform. The decrease in contract liabilities in 2022 was mainly due to the decrease in deposit received from customers in relation to the sale of goods (2021: increase due to the increase in deposit received from customers in relation to the sale of goods).

Significant changes in contract liabilities are as follows:

	2022 **S$'000**	2021 S$'000
At beginning of the year	**3,299**	2,588
Advance payments received during the year	**1,708**	2,044
Revenue recognised during the year that was included in the contract liabilities balance at the beginning of the year	**(1,998)**	(1,284)
Revenue recognised and received during the year	**(75)**	(49)
At end of the year	**2,934**	3,299
Analysed into:		
Within one year included in current liabilities	**2,261**	2,383
After one year included in non-current liabilities	**673**	916
	2,934	3,299

25. BANK AND OTHER BORROWINGS

	2022 Maturity	2022 S$'000	2021 Maturity	2021 S$'000
Current				
Lease liabilities (note 15b)	**2023**	**870**	2022	1,075
Bank loans:				
– S$ loan at 3% per annum (note a)	**2023**	**400**	2022	400
– S$ loan at reference rate plus 3% per annum (note b)	**N/A**	**–**	2022	1,100
		1,270		2,575
Non-current				
Lease liabilities (note 15b)	**2024–2026**	**1,261**	2023–2024	502
		1,261		502
Total		**2,531**		3,077

	2022 S$'000	2021 S$'000
Analysed into:		
Repayable		
– Within one year	**1,270**	2,575
– In the second year	**578**	497
– In the third to fifth years	**683**	5
	2,531	3,077
Analysed for financial reporting:		
– Included in current liabilities	**1,270**	2,575
– Included in non-current liabilities	**1,261**	502
	2,531	3,077

Notes:

(a) This loan is secured by the legal assignment of the life insurance policy (note 17) and personal guarantee given by a director of the Group's subsidiaries.

(b) This loan was secured by way of corporate guarantees provided by a subsidiary of the Company and a legal mortgage of the Group's freehold property which had a carrying amount of S$2,115,000 as at 31 December 2021 (note 14).

(c) All borrowings are denominated in SGD.

26. DEFERRED TAX LIABILITIES

	2022 S$'000	2021 S$'000
Deferred tax (liabilities)/assets recognised:		
Differences in depreciation for tax purpose	**(36)**	(36)
Provisions	**24**	24
Deferred tax liabilities recognised	**(12)**	(12)

	2022 S$'000	2021 S$'000
Movement during the year:		
Balance at beginning of the year	**(12)**	(12)
Deferred tax credit recognised for the year	**–**	–
Balance at end of the year	**(12)**	(12)

The Group has unutilised tax losses of S$682,000 (2021: S$682,000) that are available to offset against future taxable profits of the companies in which the losses arise, for which no deferred tax assets are recognised due to uncertainty of their recoverability. The use of these tax losses is subject to the agreement of the tax authority and compliance with certain provisions of tax legislation of Mainland China that will expire in one to five years.

27. SHARE CAPITAL

	2022 S$'000	2021 S$'000
Issued and fully paid:		
2,000,000,000 (2021: 2,000,000,000) ordinary shares of HK$0.0025 each	**900**	900

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

28. RESERVES

The amounts of the Group's reserves and the movements therein for the reporting period are presented in the consolidated statement of changes in equity.

SHARE PREMIUM

Share premium represents the difference between the nominal value and the issuing value of the shares.

OTHER CAPITAL RESERVE

Other capital reserve represents the difference between the carrying amount and the fair value of the non-interest-bearing financial support provided by a shareholder.

MERGER RESERVE

Merger reserve represents the difference between the consideration paid and the share capital of the acquired entities under common control.

29. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) MAJOR NON-CASH TRANSACTIONS

In 2022, the Group had non-cash additions to right-of-use assets and lease liabilities of S$1,647,000 (2021: S$60,000) and S$1,647,000 (2021: S$60,000), respectively, in respect of lease arrangements for properties and equipment.

(b) CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

As at 31 December 2022

	Amount due to a shareholder included in trade and other payables S$'000	Amount due to a director included in trade and other payables S$'000	Bank and other borrowings S$'000	Lease liabilities S$'000
As at 1 January 2022	**2,206**	**–**	**1,500**	**1,577**
Changes from financing cash flows	**(2,206)**	**2,206**	**(1,100)**	**(1,086)**
New leases	**–**	**–**	**–**	**1,647**
Disposal of a subsidiary	**–**	**–**	**–**	**(7)**
Interest expense	**–**	**–**	**–**	**27**
Interest paid classified as operating cash flows	**–**	**–**	**–**	**(27)**
As at 31 December 2022	**–**	**2,206**	**400**	**2,131**

As at 31 December 2021

	Amount due to a shareholder included in trade and other payables S$'000	Bank and other borrowings S$'000	Lease liabilities S$'000
As at 1 January 2021	721	2,180	2,656
Changes from financing cash flows	1,485	(680)	(1,122)
New leases	–	–	60
Disposal	–	–	(17)
Interest expense	–	–	57
Interest paid classified as operating cash flows	–	–	(57)
As at 31 December 2021	2,206	1,500	1,577

(c) TOTAL CASH OUTFLOW FOR LEASES

The total cash outflow for leases included in the consolidated statement of cash flows is as follows:

	2022 S$'000	2021 S$'000
Within operating activities	**183**	213
Within financing activities	**1,086**	1,122
	1,269	1,335

30. DISPOSAL OF A SUBSIDIARY

On 30 May 2022, an indirect wholly-owned subsidiary of the Company, World Brilliant Investment Limited, entered into a sale and purchase agreement with an independent third party to dispose of 100% interest in Shenzhen Dacheng Technology Limited a consideration of Nil. The disposal was completed on 30 May 2022.

The assets and liabilities of Shenzhen Dacheng Technology Limited on the date of disposal:

	S$'000
Property and equipment	9
Right-of-use assets	7
Deposits, prepayments and other receivables	226
Bank balances and cash	2
Accruals and other payables	(774)
Lease liabilities	(7)
	(537)
Gain on disposal of a subsidiary:	
Net consideration received	–
Net liabilities disposed of	(537)
	(537)
Satisfied by:	
Cash consideration received	–
Net cash outflows on disposal:	
Cash consideration received	–
Bank balances and cash disposed of	(2)
	(2)

31. RELATED PARTY TRANSACTIONS AND BALANCES

Saved as the transactions and outstanding balances as detailed elsewhere in these consolidated financial statements, the Group had the following transactions and outstanding balances with related parties:

(a) COMPENSATION OF KEY MANAGEMENT PERSONNEL OF THE GROUP

	2022 **S$'000**	2021 S$'000
Salaries, allowances and benefits in kind	**60**	21
Discretionary performance-related bonuses	**–**	–
Pension scheme contributions	**–**	–
	60	21

Further details of Directors' remuneration are included in note 8 to the consolidated financial statements.

(b) AMOUNT DUE TO RELATED PARTY OF THE GROUP

	2022 **S$'000**	2021 S$'000
Amount due to a shareholder*	**–**	2,206
Amount due to a director	**2,206**	–

* The substantial shareholder refers to Mr. Zhang Yadong.

32. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

AS AT 31 DECEMBER 2022

Financial assets

	Financial assets at fair value through profit or loss S$'000	Financial assets at amortised cost S$'000	Total S$'000
Financial assets at fair value through profit or loss	1,282	–	1,282
Trade receivables	–	1,134	1,134
Financial assets included in prepayments, other receivables and other assets	–	2,304	2,304
Cash and cash equivalents	–	2,988	2,988
	1,282	6,426	7,708

Financial liabilities

	Financial liabilities at amortised cost S$'000
Financial liabilities included in trade and other payables	4,899
Bank and other borrowings	2,531
	7,430

AS AT 31 DECEMBER 2021

Financial assets

	Financial assets at fair value through profit or loss S$'000	Financial assets at amortised cost S$'000	Total S$'000
Financial assets at fair value through profit or loss	582	–	582
Trade receivables	–	967	967
Financial assets included in prepayments, other receivables and other assets	–	1,926	1,926
Cash and cash equivalents	–	4,131	4,131
	582	7,024	7,606

Financial liabilities

	Financial liabilities at amortised cost S$'000
Financial liabilities included in trade and other payables	4,387
Bank and other borrowings	3,077
	7,464

33. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

Fair value of the Group's financial assets that are measured at fair value on a recurring basis

Some of the Group's financial assets are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used), as well as the level of the fair value hierarchy into which the fair value measurements are categorised (levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

Financial assets	31 December 2022 S$'000	2021 S$'000	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable inputs
Financial assets at fair value through profit or loss (note 17)	**Life insurance policy: 560**	Life insurance policy: 558	Level 2	Quoted asset value based on the surrender value of the policy provided by a financial institution	N/A
	Listed equity securities: 722	Listed equity securities: 24	Level 1	Quoted bid prices in an active market	N/A

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the consolidated financial statements approximate their fair values at the end of the reporting period.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, interest rate risk, foreign currency risk and liquidity risk. The Group's overall risk management objective is to effectively manage these risks and seek to minimise potential adverse effects on the financial performance of the Group. The Group reviews and agrees policies for managing each of these risks and they are summarised below.

CREDIT RISK

The Group adopts the policy of dealing only with customers with appropriate credit history, and obtaining sufficient security where appropriate to mitigate credit risk. For financial assets, the Group adopts the policy of dealing with financial institutions and other counterparties with high credit ratings.

Customers' payment profiles and credit exposure are continuously monitored by the Company.

Maximum exposure and year-end staging

The tables below show the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at 31 December.

The amounts presented are gross carrying amounts for financial assets.

As at 31 December 2022

	12-month ECLS	Lifetime ECLs			
	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Simplified approach S$'000	Total S$'000
Trade receivables*	–	–	–	1,134	1,134
Loan receivables from third parties*	–	–	–	1,671	1,671
Financial assets included in prepayments, other receivables and other assets (other than loan receivables from third parties)					
– Normal**	633	–	–	–	633
– Doubtful**	–	–	–	–	–
Cash and cash equivalents					
– not yet past due	2,988	–	–	–	2,988
	3,621	–	–	2,805	6,426

As at 31 December 2021

	12-month ECLS	Lifetime ECLs			
	Stage 1 S$'000	Stage 2 S$'000	Stage 3 S$'000	Simplified approach S$'000	Total S$'000
Trade receivables*	–	–	–	967	967
Loan receivables from third parties*	–	–	–	1,618	1,618
Financial assets included in prepayments, other receivables and other assets (other than loan receivables from third parties)					
– Normal**	308	–	–	–	308
– Doubtful**	–	–	–	–	–
Cash and cash equivalents					
– not yet past due	4,131	–	–	–	4,131
	4,439	–	–	2,585	7,024

* For trade receivables and loan receivables from third parties to which the Group applies the simplified approach for impairment, information based on the provision matrix is disclosed in notes 19 and 20 to the consolidated financial statements.

** The credit quality of the financial assets included in prepayments, other receivables and other assets (other than loan receivables from third parties) is considered to be "normal" when they are not past due and there is no information indicating that the financial assets had a significant increase in credit risk since initial recognition. Otherwise, the credit quality of the financial assets is considered to be "doubtful".

Further quantitative data in respect of the Group's exposure to credit risk arising from trade receivables, prepayments, other receivables and other assets and cash and cash equivalents are disclosed in note 19, note 20 and note 21 to the consolidated financial statements, respectively.

INTEREST RATE RISK

Interest rate risk is the risk that the fair value or future cash flows of the Group's financial instruments will fluctuate because of changes in market interest rates. The Group's exposure to interest rate risk arises primarily from its loans and borrowings.

The Group consider the cash flow interest rate risk relating to its variable rate bank borrowing is insignificant and therefore sensitivity analysis has not been presented.

FOREIGN CURRENCY RISK

The Group has currency exposures arising from sales, purchases and interest-bearing bank and other borrowings that are denominated in a currency other than the respective functional currencies of the group entities, primarily the Singapore dollar. The currencies giving rise to this risk are primarily the United States dollar ("US$"), Hong Kong dollar ("HK$"), Euro ("EUR"), Renminbi ("RMB") and British pound ("GBP").

The Group's exposure to foreign currencies in respect of financial assets and liabilities is disclosed in the respective notes to the consolidated financial statements.

The following demonstrates the sensitivity to a reasonably possible change in US$, HK$, EUR and RMB against the Singapore dollar, with all other variables held constant, of the Group's (loss)/profit before tax:

	2022	2021
	Loss before tax (increased)/ decreased by: S$'000	Profit before tax increased/ (decreased) by: S$'000
US$ against S$		
– strengthened 6% (2021: 6%)	**(28)**	(39)
– weakened 6% (2021: 6%)	**28**	39
HK$ against S$		
– strengthened 6% (2021: 6%)	**152**	153
– weakened 6% (2021: 6%)	**(152)**	(153)
EUR against S$		
– strengthened 6% (2021: 6%)	**N.m.**	(35)
– weakened 6% (2021: 6%)	**N.m.**	35
RMB against S$		
– strengthened 6% (2021: 6%)	**7**	40
– weakened 6% (2021: 6%)	**(7)**	(40)

N.m. Amount less than S$1,000.

LIQUIDITY RISK

The Group manages liquidity risk by maintaining cash and available funding through committed credit facilities sufficient to enable it to meet its operational requirements.

The table below analyses the maturity profile of the Group's financial liabilities based on contractual undiscounted cash flows:

	Within 1 year S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total undiscounted cash flows S$'000	Carrying amount at 31.12.2022 S$'000
As at 31 December 2022					
Financial liabilities included in trade and other payables	**4,899**	**–**	**–**	**4,899**	**4,899**
Lease liabilities	**918**	**1,310**	**–**	**2,228**	**2,131**
Interest-bearing bank and other borrowings (excluding lease liabilities)	**414**	**–**	**–**	**414**	**400**
	6,231	**1,310**	**–**	**7,541**	**7,430**

	Within 1 year S$'000	1 to 5 years S$'000	Over 5 years S$'000	Total undiscounted cash flows S$'000	Carrying amount at 31.12.2021 S$'000
As at 31 December 2021					
Financial liabilities included in trade and other payables	4,387	–	–	4,387	4,387
Lease liabilities	1,096	506	–	1,602	1,577
Interest-bearing bank and other borrowings (excluding lease liabilities)	1,554	–	–	1,554	1,500
	7,037	506	–	7,543	7,464

CAPITAL MANAGEMENT

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to provide adequate cash flows to meet its operating requirements.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made to the objectives, policies or processes for managing capital during the years ended 31 December 2022 and 2021.

The Group monitors capital using a gearing ratio, which is interest-bearing bank and other borrowings divided by the total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios are as follows:

	2022 S$'000	2021 S$'000
Interest-bearing bank and other borrowings (note 25)	**2,531**	3,077
Equity attributable to owners of the Company	**7,574**	7,628
Gearing ratio	**0.33**	0.40

35. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2022 S$'000	2021 S$'000
NON-CURRENT ASSET		
Investment in a subsidiary	**2,069**	2,069
Total non-current asset	**2,069**	2,069
CURRENT ASSETS		
Prepayment	**27**	27
Cash and cash equivalents	**1**	1
Total current assets	**28**	28
CURRENT LIABILITIES		
Other payables	**845**	34
Amount due to a director	**2,206**	–
Amounts due to subsidiaries	**70**	70
Total current liabilities	**3,121**	104
NET CURRENT LIABILITIES	**(3,093)**	(76)
NON-CURRENT LIABILITY		
Amount due to a shareholder	**–**	2,206
Net liabilities	**(1,024)**	(213)
EQUITY		
Share capital	**900**	900
Reserves	**(1,924)**	(1,113)
Total deficit	**(1,024)**	(213)

A summary of the Company's reserves is as follows:

	Share premium S$'000	Other capital reserve S$'000	Accumulated losses S$'000	Total S$'000
As at 31 December 2020 and 1 January 2021	8,982	126	(7,562)	1,546
Loss and total comprehensive expense for the year	–	–	(2,659)	(2,659)
As at 31 December 2021 and 1 January 2022	**8,982**	**126**	**(10,221)**	**(1,113)**
Loss and total comprehensive expense for the year	**–**	**–**	**(811)**	**(811)**
As at 31 December 2022	**8,982**	**126**	**(11,032)**	**(1,924)**

36. SHARE OPTION SCHEME

The Company adopted a share option scheme ("Share Option Scheme") on 21 October 2016 for the purpose of enabling the Company to grant rights to subscribe for Shares pursuant to the terms of the Share Option Scheme ("Options", each an "Option") as incentives or rewards to the Participants (as defined below) for their contribution to the Group and/or to enable the Group to recruit and retain high calibre employees and attract human resources that are valuable to the Group and any entity which the Group holds any equity interest ("Invested Entity"). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

The period of Share Option Scheme commenced on 21 October 2016 and will expire on 20 October 2026.

The Board may, at its discretion, invite any Executive, Non-Executive or Independent Non-Executive Directors or any employees (whether full-time or part-time) of the Company, or any of its subsidiaries or associated companies or any other person whom the Board considers, in its sole discretion, has contributed or will contribute to the Group ("Participants", each a "Participant") to take up the Options. The basis of eligibility of any of the class of the Participants to the grant of any Option shall be determined by the Board from time to time on the basis of their contribution to the development and growth of the Group and any Invested Entity. Unless otherwise determined by the Board and specified in the offer letter to be given to the Participant at the time of the offer of the Option ("Offer"), there is neither any performance target that needs to be achieved by the Participant who accepts an Offer in accordance with the terms of the Share Option Scheme ("Grantee") before an Option can be exercised nor any minimum period for which an Option must be held before the Option can be exercised.

The subscription price for the Shares under the Share Option Scheme shall be such price as determined by the Board in its absolute discretion at the time of the grant of the relevant Option, but in any case shall not be less than the highest of (a) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date on which an Offer is made by the Company to the Grantee (which date must be a Business Day, "Offer Date"); (b) a price being the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five (5) Business Days immediately preceding the Offer Date (provided that the Offer Price shall be used as the closing price for any Business Day falling within the period before listing of the Shares where the Company has been listed for less than five (5) Business Days as at the Offer Date); and (c) the nominal value of a Share.

The amount payable by the grantee of an Option to the Company on acceptance of the offer for the grant of an Option is HK$1.00, which shall be payable within the period as the Board may determine and specify in the letter of Offer.

An Option may be exercised in accordance with the terms of the Share Option Scheme at any time during the period to be determined by the Board at its absolute discretion and notified by the Board to each Grantee as being the period during which an Option may be exercised and in any event, such period shall not be longer than 10 years from the date upon which any particular Option is granted in accordance with the Share Option Scheme.

The maximum number of unexercised share options currently permitted to be granted under the Share Option Scheme and any other share option scheme of the Company shall not in aggregate exceed 10% of the total number of Shares in issue immediately following the listing of the Company on the Stock Exchange and the subdivision of shares of the Company approved on 3 April 2019 and become effective on 4 April 2019 (being 2,000,000,000 Shares). The maximum number of shares issuable under share options to each eligible participant in the Company's Scheme within any 12-month period, is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to Shareholders' approval in a general meeting. The Company may grant options in respect of up to 200,000,000 Shares to the participants under the Share Option Scheme, being 10% of the issued shares of the Company as at the date of this report.

No option has lapsed, or has been granted, exercised or cancelled under the Share Option Scheme during the year ended 31 December 2022 and 2021. The Group did not have any outstanding share options, warrants, convertible instruments, or similar rights convertible into the Shares as at 31 December 2022 and 2021, nor has there been any exercise, redemption, purchase or cancellation made during the year ended 31 December 2022 and 2021 of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted.

37. RETIREMENT BENEFIT PLANS

The Group operates the MPF scheme under the Hong Kong Mandatory Provident Fund Schemes Ordinance for employees employed under the jurisdiction of the Hong Kong Employment Ordinance. The MPF scheme is a defined contribution retirement plan administered by independent trustees. Under the MPF scheme, the employer and its employees are each required to make contributions to the plan at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (2021: HK$30,000). Contributions to the plan vest immediately.

The Group are required to make retirement contribution to Central Provident Fund ("CPF") for its employees working in Republic of Singapore (the "Singapore").The CPF is a comprehensive social security system that enables working citizens and permanent residents of Singapore to set aside funds for retirement. The Group are required to pay monthly to the CPF in respect of each employee, who is either a citizen or permanent resident of Singapore, contributions at the contribution rates prescribed under the Central Provident Fund Act (Cap 36) of Singapore ("CPFA").

Pursuant to section 7(2) of the CPFA, the employer is allowed to recover certain amounts as stipulated in the CPFA from the monthly wages of an employee.

Section 7(3) of the CPFA provides that any employer who has recovered any amount from the monthly wages of an employee in accordance with the CPFA and fails to pay the contributions to the CPF within such time as may be prescribed, shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding seven (7) years or to both.

Section 9 of the CPFA provides that, where the amount of the contributions which an employer is liable to pay in respect of any month is not paid within the prescribed period for payment, the employer shall be liable to pay interest on the amount for every day the amount remains unpaid commencing from the first day of the month succeeding the month in respect of which the amount is payable and the interest shall be calculated at the rate of 1.5% per month or the sum of S$5.00, whichever is the greater.

The CPFA provides that in general if any person convicted of an offence under the CPFA for which no penalty is provided shall be liable on conviction to pay a fine not exceeding S$5,000 or to imprisonment for a term not exceeding 6 months or both, and if that person is a repeat offender for the same offence, to a fine not exceeding S$10,000 or to imprisonment for a term not exceeding 12 months or both.

The total expense recognised in consolidated statement of profit or loss and other comprehensive income of approximately S$480,000 and S$494,000 respectively, represent contributions paid and/or payable to the scheme by the Group for the years ended 31 December 2021 and 2022 respectively. At the end of the reporting period, the Group had no forfeited contributions which may be used to reduce the retirement benefit contributions in future (2021: Nil).

38. APPROVAL OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved and authorised for issue by the board of Directors on 28 March 2023.

FINANCIAL SUMMARY

Results	2022 S$'000	2021 S$'000	2020 S$'000	2019 S$'000	2018 S$'000
Revenue	**23,593**	20,233	20,421	22,603	17,558
Profit/(loss) before tax	**102**	(441)	1,145	(1,235)	(3,776)
Income tax expense	**(175)**	(118)	(67)	(2)	(14)
(Loss)/profit for the year	**(73)**	(559)	1,078	(1,237)	(3,790)

Assets and liabilities	2022 S$'000	2021 S$'000	2020 S$'000	2019 S$'000	2018 S$'000
Total assets	**19,738**	19,716	20,036	20,286	16,761
Total liabilities	**12,162**	12,088	11,839	13,158	8,526
Total equity	**7,576**	7,628	8,197	7,128	8,235