



Optima Automobile Group Holdings Limited

傲迪瑪汽車集團控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 8418

INTERIM REPORT **2023**



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

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

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

Independent Non-Executive Directors

Mr. Chu Kin Ming
Mr. Chang Li-Chung
Ms. Yi Jing

AUDIT COMMITTEE

Mr. Chu Kin Ming (*Chairman*)
Mr. Chang Li-Chung
Ms. Yi Jing

REMUNERATION COMMITTEE

Ms. Yi Jing (*Chairlady*)
Mr. Chu Kin Ming
Mr. Chang Li-Chung

NOMINATION COMMITTEE

Mr. Chang Li-Chung (*Chairman*)
Mr. Ang Lay Keong (Hong Liqiang)
Ms. Yi Jing

COMPLIANCE OFFICER

Mr. Goh Duo Tzer (Wu Duoze)

COMPANY SECRETARY

Ms. Xu Jiayuan, *CPA*

AUTHORISED REPRESENTATIVES

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

AUDITORS

HLB Hodgson Impey Cheng Limited
Certified Public Accountants
*(Public Interest Entity Auditor registered
in accordance with the Financial
Reporting Council Ordinance)*
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77 Wing Lok Street
Sheung Wan, Hong Kong

STOCK CODE

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COMPANY'S WEBSITE ADDRESS

www.ow.sg

INTERIM RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the three months and six months ended 30 June 2023 with comparative figures for the corresponding periods in 2022 as follows:

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the three months and six months ended 30 June 2023

	Notes	Three months ended 30 Jun		Six months ended 30 Jun	
		2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Revenue	3	31,315	22,847	54,185	41,932
Other income and gains	4	20	418	184	531
Change in trading inventories		(26,531)	(18,367)	(44,612)	(33,369)
Cost of materials used		(1,523)	(1,429)	(3,062)	(2,691)
Marketing and advertising expenses		(135)	(87)	(245)	(194)
Employee benefit expenses		(1,496)	(1,476)	(3,015)	(2,946)
Depreciation of property, plant and equipment		(463)	(262)	(839)	(488)
Depreciation of right-of-use assets		(502)	(635)	(1,064)	(1,293)
Amortisation of intangible assets		(22)	(24)	(45)	(48)
Impairment losses under expected credit loss model on trade receivables, net of reversal		(15)	(5)	(28)	(16)
Reversal of Impairment of other receivables		-	41	-	41
Finance costs	5	(94)	(129)	(189)	(237)
Short-term lease expenses		(29)	(16)	(50)	(31)
Other expenses		(904)	(958)	(1,675)	(1,717)
Share of results of an associate		24	19	51	79
Loss before income tax expense	6	(355)	(63)	(404)	(447)
Income tax expense	7	(32)	(79)	(85)	(110)
Loss for the period		(387)	(142)	(489)	(557)

	Notes	Three months ended 30 Jun		Six months ended 30 Jun	
		2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Other comprehensive expense, net of tax					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Exchange differences on translating foreign operations		(34)	(81)	13	(67)
Share of other comprehensive income of an associate		4	(16)	(25)	(13)
Other comprehensive expense for the period, net of tax		(30)	(97)	(12)	(80)
Loss and total comprehensive expense for the period, net of tax		(417)	(239)	(501)	(637)
Loss attributable to:					
Owners of the Company		(323)	(62)	(368)	(388)
Non-controlling interests		(64)	(80)	(121)	(169)
		(387)	(142)	(489)	(557)
Total comprehensive expense attributable to:					
Owners of the Company		(342)	(124)	(374)	(441)
Non-controlling interests		(75)	(115)	(127)	(196)
		(417)	(239)	(501)	(637)
Losses per share					
– Basic and diluted (SGD cents)	9	(0.03)	(0.01)	(0.04)	(0.05)

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30-Jun-23 SGD'000 (Unaudited)	31-Dec-22 SGD'000 (Audited)
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	10	7,354	5,747
Right-of-use assets	11	5,869	7,248
Intangible assets	12	243	300
Interest in a joint venture	13	–	–
Interest in an associate	14	1,561	1,611
Deposits	15	163	217
Prepayment for purchase of fixed assets	15	64	75
Total non-current assets		15,254	15,198
Current assets			
Inventories		2,219	2,108
Trade and other receivables	15	8,736	3,534
Cash and Cash equivalents		2,490	4,768
Total current assets		13,445	10,410
Current liabilities			
Trade and other payables	16	10,139	5,877
Lease liabilities	11	1,450	1,830
Bank borrowings	17	1,473	1,454
Current tax liabilities		214	175
Total current liabilities		13,276	9,336
Net current assets		169	1,074
Total assets less current liabilities		15,423	16,272

	Notes	30-Jun-23 SGD'000 (Unaudited)	31-Dec-22 SGD'000 (Audited)
Non-current liabilities			
Lease liabilities	11	2,807	2,377
Bank borrowings	17	3,274	4,015
Other payables		1,465	1,490
Deferred tax liabilities		27	39
Total non-current liabilities		7,573	7,921
Net assets		7,850	8,351
Equity			
Share capital		1,497	1,497
Reserves		6,142	6,516
Equity attributable to owners of the Company		7,639	8,013
Non-controlling interest		211	338
Total equity		7,850	8,351

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital SGD'000	Share premium* SGD'000	Merger reserve* SGD'000	Other reserve* SGD'000	Accumulated losses* SGD'000	Foreign currency exchange reserve* SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total SGD'000
Balance as at 1 January 2023 (audited)	1,497	7,187	2,645	(103)	(2,207)	(1,006)	8,013	338	8,351
Loss for the period	-	-	-	-	(368)	-	(368)	(121)	(489)
Other comprehensive expense:									
Exchange differences on translating foreign operations	-	-	-	-	-	19	19	(6)	13
Share of other comprehensive expense of an associate	-	-	-	-	-	(25)	(25)	-	(25)
Total other comprehensive expense for the period	-	-	-	-	-	(6)	(6)	(6)	(12)
Balance as at 30 June 2023 (unaudited)	1,497	7,187	2,645	(103)	(2,575)	(1,012)	7,639	211	7,850
Balance as at 1 January 2022 (audited)	1,497	7,187	2,645	(103)	(719)	(611)	9,896	727	10,623
Loss for the period	-	-	-	-	(388)	-	(388)	(169)	(557)
Other comprehensive expense:									
Exchange differences on translating foreign operations	-	-	-	-	-	(40)	(40)	(27)	(67)
Share of other comprehensive expense of an associate	-	-	-	-	-	(13)	(13)	-	(13)
Total other comprehensive expense for the period	-	-	-	-	-	(53)	(53)	(27)	(80)
Balance as at 30 June 2022 (unaudited)	1,497	7,187	2,645	(103)	(1,107)	(664)	9,455	531	9,986

* As at 30 June 2023, the total of these reserves amounted to SGD6,142,000 (30 June 2022: SGD7,958,000).

UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2023

	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Net cash generated from operating activities	447	1,750
Net cash (used in)/generated from investing activities	(849)	937
Net cash used in financing activities	(1,765)	(1,985)
Net (decrease)/increase in cash and cash equivalents	(2,167)	702
Cash and cash equivalents at the beginning of period	4,768	4,494
Effect of exchange rate changes on cash and cash equivalents	(111)	(75)
Cash and cash equivalents at end of period	2,490	5,121
Analysis of balances of cash and cash equivalents		
Cash at banks and on hand	2,490	5,121

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Optima Automobile Group Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2018. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The headquarters and the principal place of business in Singapore is located at 6 Kung Chong Road, Alexandra Industrial Estate, Singapore 159143. On 11 October 2019, the Company’s shares (the “**Shares**”) were listed on GEM of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”). The Company and its subsidiaries are together referred to as the Group hereinafter. The principal activity of the Company is investment holding. The Group is principally engaged in (i) the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services; (ii) offering short-term and long-term car rental services; (iii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in China; and (iv) engaging in education business services, which include data collection and provision of management platform services. As at 30 June 2023, the immediate holding company of the Company was Red Link International Limited, a limited liability company incorporated in the British Virgin Islands. The Directors considered the ultimate holding company to be Red Link International Limited.

2. BASIS OF PRESENTATION AND PREPARATION

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

The unaudited condensed consolidated financial statements are presented in Singapore dollars (“**SGD**”). Items included in the unaudited financial statements of each entity within the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the “**functional currency**”). The functional currency of the Company is SGD. The subsidiaries are operating in Singapore and the PRC. SGD is used as the presentation currency of the Group. The unaudited condensed consolidated financial statements are prepared on the historical cost basis. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed consolidated financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions.

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

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed. If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies. Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post-acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss. Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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

The Group classifies its interests in joint arrangements as either:

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

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

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

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

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

3. REVENUE

	Three months ended 30 Jun		Six months ended 30 Jun	
	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Revenue from contracts with customers within the scope of HKFRS 15				
Service income	3,200	2,935	6,614	5,935
Warranty income	130	299	191	442
Automotive supply income	26,912	18,538	45,274	33,674
Education business service income	-	205	-	207
Sale of hardware and equipment	3	-	18	-
Revenue from other sources				
Car rental income	1,070	870	2,088	1,674
	31,315	22,847	54,185	41,932
Disaggregation by timing of revenue recognition				
Over time	3,330	3,232	6,805	6,377
Point in time	26,915	18,745	45,292	33,881
	30,245	21,977	52,097	40,258

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

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

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

4. OTHER INCOME AND GAINS

	Three months ended 30 Jun		Six months ended 30 Jun	
	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Government grants (Note)	1	83	164	190
Gain on disposal of property, plant and equipment	1	107	2	113
Sponsorship	-	186	-	186
Others	18	42	18	42
	20	418	184	531

Note:

There were no unfulfilled conditions and other contingencies attaching to government grants for income recognised during the period ended 30 June 2023 and 2022.

5. FINANCE COSTS

	Three months ended 30 Jun		Six months ended 30 Jun	
	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Interest element of lease liabilities	33	65	87	120
Interest on bank borrowings	46	28	70	56
Interest on short-term loans	15	36	32	61
	94	129	189	237

6. PROFIT/(LOSS) BEFORE INCOME TAX (EXPENSE)/CREDIT

Profit/(Loss) before income tax (expense)/credit is arrived at after charging:

	Three months ended 30 Jun		Six months ended 30 Jun	
	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
Auditor's remuneration	37	43	75	69
Depreciation of property, plant and equipment	463	262	839	488
Depreciation of right-of-use assets	502	635	1,064	1,293
Employee benefit expenses (including directors' emoluments)				
– Salaries, allowances and other benefits	1,384	1,367	2,788	2,705
– Contributions to defined contribution retirement plan	112	109	227	241
– Total	1,496	1,476	3,015	2,946
Amortisation of intangible assets	22	24	45	48
Impairment losses under expected credit loss model on trade receivables, net of reversal	15	5	28	16
Reversal of impairment of other receivables	–	(41)	–	(41)
Short-term lease expenses	29	16	50	31

7. INCOME TAX EXPENSE

	Three months ended 30 Jun		Six months ended 30 Jun	
	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
PRC				
Current tax				
– Current period	45	19	64	32
Singapore				
Current tax				
– Current period	(7)	72	33	90
PRC				
Deferred tax				
– Over provision in respect of prior periods	(6)	(12)	(12)	(12)
	32	79	85	110

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the six months ended 30 Jun 2023 (2022: 17%).

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions for the six months ended 30 Jun 2023 and 2022.

8. DIVIDENDS

The Board did not recommend the payment of any dividend for the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

9. LOSSES PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Three months ended 30 Jun		Six months ended 30 Jun	
	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)	2023 SGD'000 (Unaudited)	2022 SGD'000 (Unaudited)
The basic and diluted earnings/(losses) per share for the period are calculated based on the following:				
Loss attributable to owners of the Company for the period	(323)	(62)	(368)	(388)
Weighted average number of ordinary shares in issue	850,000,000	850,000,000	850,000,000	850,000,000
Basic and diluted losses per share (SGD cents)	(0.03)	(0.01)	(0.04)	(0.05)

Note:

For the six months ended 30 June 2023, the calculation of basic earnings per share was based on the loss attributable to the owners of the Company and on the basis of the weighted average number of 850,000,000 (2022: 850,000,000) ordinary shares in issue.

Diluted losses per share were the same as basic losses per share as there was no potential dilutive ordinary share in existence during the six months ended 30 Jun 2023 and 2022.

10. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2023, the Group acquired plant and equipment of approximately SGD0.8 million of which SGD0.3 million are motor vehicles. In the six months ended 30 June 2022, the Group acquired approximately SGD0.9 million, most of which are motor vehicles. The Group disposed plant and equipment of approximately nil (six months ended 30 June 2022: SGD0.3 million). There is no write off of plant and equipment for the six months ended 30 June 2023 and 30 June 2022.

11. RIGHT OF-USE ASSETS AND LEASE LIABILITIES

The Group has applied HKFRS 16 using the modified retrospective method and adjusted the opening balances at 1 January 2019 to recognise right-of-use assets relating to leases which were previously classified as operating leases under HKAS 17.

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

	Right-of-use assets			Lease liabilities
	Motor vehicles SGD'000	Leased properties for own use SGD'000	Total SGD'000	Total SGD'000
As at 1 January 2023 (audited)	6,079	1,169	7,248	4,207
Lease commencement	514	934	1,448	1,420
Depreciation expenses	(379)	(685)	(1,064)	-
Reclassification to property, plant and equipment	(1,763)	-	(1,763)	-
Interest expenses	-	-	-	87
Payments	-	-	-	(1,456)
Currency realignment	-	-	-	(1)
As at 30 June 2023 (unaudited)	4,451	1,418	5,869	4,257
As at 1 January 2022 (audited)	7,096	2,010	9,106	5,310
Lease commencement	1,993	504	2,497	2,105
Depreciation expenses	(1,064)	(1,337)	(2,401)	-
Reclassification to property, plant and equipment	(1,946)	-	(1,946)	-
Interest expenses	-	-	-	194
Lease termination	-	(7)	(7)	(8)
Payments	-	-	-	(3,393)
Currency realignment	-	(1)	(1)	(1)
As at 31 December 2022 (Audited)	6,079	1,169	7,248	4,207

The Group recognised rent expenses from short-term leases of SGD50,000 (six months ended 30 June 2022: SGD31,000) in profit or loss for the six months ended 30 June 2023.

During the six months ended 30 June 2023, an impairment assessment was performed by management on these right-of-use assets by estimating the recoverable amount based on a value in use calculation. No impairment loss was recognised in profit or loss for the six months ended 30 June 2023 and 30 June 2022.

The remaining contractual maturities of the Group's lease liabilities as at 30 June 2023 and 31 December 2022 are as follows:

	As at 30 June 2023		As at 31 December 2022	
	Present value of the minimum lease payments SGD'000 (Unaudited)	Total minimum lease payments SGD'000 (Unaudited)	Present value of the minimum lease payments SGD'000 (Audited)	Total minimum lease payments SGD'000 (Audited)
Within 1 year	1,450	1,588	1,830	1,945
After 1 year but within 2 years	1,038	1,128	896	969
After 2 years but within 5 years	1,761	1,852	1,427	1,496
After 5 years	8	8	54	54
	2,807	2,988	2,377	2,519
	4,257	4,576	4,207	4,464
Less: total future interest expense		(319)		(257)
Present value of lease liabilities		4,257		4,207

12. INTANGIBLE ASSETS

	Software development system SGD'000
Cost	
At 1 January 2023 (audited)	454
Exchange realignment	(14)
<hr/>	
As at 30 June 2023 (unaudited)	440
<hr/>	
Accumulated depreciation	
At 1 January 2023 (audited)	154
Charge for the period	45
Exchange realignment	(2)
<hr/>	
As at 30 June 2023 (unaudited)	197
<hr/>	
Net carrying amount	
As at 30 June 2023 (unaudited)	243
<hr/>	
Cost	
At 1 January 2022 (audited)	465
Exchange realignment	(11)
<hr/>	
As at 31 December 2022 (audited)	454
<hr/>	
Accumulated depreciation	
At 1 January 2022 (audited)	62
Charge for the period	94
Exchange realignment	(2)
<hr/>	
As at 31 December 2022 (audited)	154
<hr/>	
Net carrying amount	
As at 31 December 2022 (audited)	300
<hr/>	

As at 30 June 2023 and 31 December 2022, the Group's intangible assets included software development system with net carrying amount of SGD243,000 and SGD300,000 respectively and will be fully amortised in approximately in 2.8 years (31 December 2022: 3.3 years).

13. INTERESTS IN A JOINT VENTURE

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Cost of investment in joint venture	211	211
Share of post-acquisition profits and other comprehensive income, net of dividend received	(211)	(211)
	-	-

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

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests		Place of incorporation and operation
			30 June 2023	31 December 2022	
Absolute By Optima Werkz (Thailand) Co., Ltd. (Note)	Thailand	BAHT 12,000,000	40%	40%	Repair and maintenance of motor vehicles including installation of parts and accessories

Note:

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

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

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

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

	Absolute By Optima Werkz (Thailand) Co., Ltd.	
	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Current assets	865	865
Non-current assets	40	40
Current liabilities	(601)	(601)
Non-current liabilities	(666)	(666)
Net liabilities	(362)	(362)
Reconciliation to the Group's interest in a joint venture:		
Proportion of the Group's ownership	40%	40%
Group's share of net assets of the joint venture (excluding goodwill)	-	-
Carrying amount of interest in the joint venture	-	-

	30 June 2023 SGD'000 (Unaudited)	30 June 2022 SGD'000 (Unaudited)
Revenue	–	–
(loss)/Profit for the period	–	–
Other comprehensive income for the period	–	–
Total comprehensive income for the period	–	–

The joint venture had no significant contingent liabilities or commitments as at 30 June 2023 and 31 December 2022.

14. INTERESTS IN AN ASSOCIATE

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Cost of investment in an associate	555	555
Share of post-acquisition profits and other comprehensive income, net of dividend received	(149)	(124)
Goodwill	1,951	1,951
Impairment loss	(90)	(90)
Exchange realignment	(706)	(681)
Total	1,561	1,611

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

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests		Place of incorporation and operation
			30 June 2023	31 December 2022	
Optima Werkz Myanmar Services Co., Ltd (Note)	Myanmar	US\$1,000,000	35%	35%	Repair and maintenance of motor vehicles including installation of parts and accessories

Note:

Werkz Myanmar Holdings Pte. Ltd. (“OWMH”), an indirect wholly-owned subsidiary of the Company, being a limited liability company incorporated in Singapore, held 35% equity interest in Optima Werkz Myanmar Services Co., Ltd. (“OWMS”). The principal activity of OWMS is repair and maintenance of motor vehicles, including installation of parts and accessories in Myanmar.

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

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

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

	Optima Werkz Myanmar Services Co., Ltd	
	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Current assets	1,617	1,798
Non-current assets	353	362
Current liabilities	(37)	(28)
Non-current liabilities	(851)	(900)
	1,082	1,232
	30 June 2023 SGD'000 (Unaudited)	30 June 2022 SGD'000 (Unaudited)
Revenue	1,289	1,039
Profit for the period	147	227
Other comprehensive income for the period	(72)	(38)
	75	189
Dividend received/receivable from associate	76	56

The associate had no significant contingent liabilities or commitments as at 30 June 2023 and 31 December 2022.

15. TRADE AND OTHER RECEIVABLES

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Trade receivables (Note (a))	2,869	2,036
Less: impairment	(537)	(516)
<hr/>		
Trade receivables, net (Note (a))	2,332	1,520
Contract assets	283	536
Deposits, prepayment and other receivables	6,348	1,770
<hr/>		
	8,963	3,826
<hr/>		
Categorised as:		
Current portion	8,736	3,534
Non-current portion	227	292
<hr/>		
	8,963	3,826
<hr/>		

Note:

- (a) As at 30 June 2023, included in trade receivables represented lease receivables arising from car rental business amounted to SGD262,000 (2022: SGD65,000).

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

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

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Within 30 days	1,192	544
31-60 days	363	355
61-90 days	189	143
91-180 days	355	187
181-365 days	158	157
Over 365 days	75	134
	2,332	1,520

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

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Neither past due nor impaired	233	181
Past due but no impaired		
Less than 60 days	1,370	750
61-90 days	191	139
91-180 days	307	257
181-365 days	158	59
Over 365 days	73	134
	2,099	1,339
	2,332	1,520

Trade receivables that were neither past due nor impaired related to a range of customers for whom there was no recent history of default. Trade receivables that were past due but not impaired related to customers with long business relationship. Based on past experience, management believes that no impairment allowance is necessary as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group did not hold any collateral in respect of these balances.

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

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
At beginning of period	516	767
Allowance of impairment	41	29
Reversal of impairment	(13)	(279)
Write off against allowance	(7)	(1)
	<hr/>	<hr/>
At end of period	537	516

Impairment of trade receivables

As at 30 June 2023 and 31 December 2022, total allowance of SGD 467,000 was recognised as management considered the recoverability of balance was remote. For the remaining trade receivables, the Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 and total allowance of SGD70,000 (31 December 2022: SGD49,000) was made against the gross amount of trade receivables as at 30 June 2023.

All contract assets (31 December 2022: All) and all other receivables (31 December 2022: SGD1,033,000) as at 30 June 2023 were neither past due nor credit-impaired.

No other receivables as at 30 June 2023 were credit impaired. Certain other receivables as at 31 December 2022 of approximately SGD504,000 were credit impaired.

16. TRADE AND OTHER PAYABLES

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Trade payables (Note (a))	1,376	1,025
Other payables, accruals and deposits received (Note (b))	5,094	4,547
Contract liabilities (Note (c))	5,134	1,795
	11,604	7,367
Categorised as:		
Current portion	10,139	5,877
Non-current portion	1,465	1,490
	11,604	7,367

Note:

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

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Within 30 days	772	510
31-60 days	447	450
61-90 days	137	47
Over 90 days	20	18
	1,376	1,025

- (b) As at 30 June 2023, other payables including amount due to related companies represented loans with principal RMB6,545,000 (31 December 2022: RMB5,220,000), equivalent to approximately SGD1,289,000 (31 December 2022: SGD1,076,000), which were unsecured, interest bearing at 2% to 3% per annum (31 December 2022: 3% to 5% per annum) and repayable within one year.

As at 30 June 2023, other payables included amounts due to related parties represented loans with principal amounts of USD390,000 (31 December 2022: USD390,000) and HKD5,510,000 (31 December 2022: HKD5,010,000), equivalent to approximately SGD1,553,000 (31 December 2022: SGD1,492,000), which were unsecured, interest-bearing at 2% per annum (31 December 2022: 2% to 5% per annum) and repayable in 1 to 2 years (31 December 2022: 2 years) from the date of drawdown or renewal.

The interest payable arising from loans amounted to approximately SGD32,000 (31 December 2022: SGD85,000) as at 30 June 2023. Ms. Nie Li (director of the Company) and Mr. Hu Wu'an (chairman and executive director of the Company) were directors of the related parties, while Ms. Nie Li was a shareholder and Mr. Hu Wu'an was a controlling shareholder of the related companies.

- (c) Movements in contract liabilities

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Balance as at 1 January	1,795	1,626
Increase in contract liabilities as a result of advance payments made by customers	5,116	1,800
Amounts included in contract liabilities that was recognised as revenue during the period	(1,800)	(1,625)
Currency realignment	23	(6)
	5,134	1,795

17. BANK BORROWINGS

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
Secured and interest-bearing bank borrowings (Note (i))		
– Bank loans due for repayment within a year	1,473	1,454
– Bank loans due for repayment after a year (Note (ii))	3,274	4,015
	4,747	5,469

Notes:

- (i) Bank loans are interest bearing at fixed rates as at 30 June 2023 (31 December 2022: fixed rates). The interest rates of the Group's bank loans as at 30 June 2023 and 31 December 2022 granted under banking facilities are at 1.7% to 2.5% and 2.5% respectively per annum.
- (ii) As at 30 June 2023 and as at 31 December 2022, none of the portion of these bank loans due for repayment after one year contain a repayment on demand clause nor are expected to be settled within one year.
- (iii) As at 30 June 2023 and 31 December 2022, the Group's banking facilities are secured by corporate guarantee of the Company.
- (iv) The Group's certain bank borrowings amounted to approximately SGD1,362,000 were secured by the Group's motor vehicles with the carrying amount approximately to SGD2,085,000 and secured by an indirect wholly own subsidiary of the company.

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

	30 June 2023 SGD'000 (Unaudited)	31 December 2022 SGD'000 (Audited)
On demand or within one year	1,473	1,454
More than one year, but not exceeding two years	1,514	1,493
More than two years, but not exceeding five years	1,760	2,522
	4,747	5,469

18. SHARE CAPITAL

	30 June 2023		31 December 2022	
	HKD'000 (Unaudited)	SGD'000 (Unaudited)	HKD'000 (Audited)	SGD'000 (Audited)
Authorised:				
16,000,000,000 ordinary shares of HK\$0.01 each	16,000	28,191	16,000	28,191
Issued and fully paid:				
850,000,000 ordinary shares of HK\$0.01 each	8,500	1,497	8,500	1,497

19. BUSINESS ACQUISITION DURING THE PERIOD

There is no significant business acquisition during the period.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

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

The Group's parallel imported vehicles and related businesses in Mainland China, by its wholly-owned subsidiary Hunan Optima Automobile Co., Ltd.* (湖南傲迪瑪汽車有限公司) is mainly in central and southern China, with Hu Wu'an, the executive director of the Group, acting as the general manager. It mainly builds a supply chain focusing on imported vehicles, car spare parts and supporting services and provides customers with a "onestop" high-quality services of parallel imported vehicles, safe, fast, price-competitive and flexible vehicle supporting financial insurance.

The Company also owns a 35% interest in an associate, Optima Werkz Myanmar Services Co., Ltd., which is engaged in the business of repairs and maintenance of motor vehicles, including installation of parts and accessories, in Yangon, Myanmar.

The Group's automotive supply income increased by approximately SGD11.6 million for the six months ended 30 June 2023 ("**PE2023**") to approximately SGD45.3 million as compared to approximately SGD33.7 million for the six months ended 30 June 2022 ("**PE2022**"). The increase was mainly due to the increase in sales to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China and Singapore for PE2023 as compared to PE2022 by approximately SGD11.1 million and SGD0.5 million respectively. The Group's after-market automotive services revenue increased by approximately SGD0.4 million due to the gradual recovery of the Singapore market in general and the car rental business revenue has increased by approximately SGD0.4 million as compared to PE2022 due to expansion of the rental fleet of the group and a market recovery as a result from further easing of COVID restriction measurements in PE2022.

The Group's education business services revenue decreased by approximately SGD189,000 for PE2023 to approximately SGD18,000 as compared to approximately SGD207,000 for PE2022, due to lower sales of hardware and equipment for the education business.

OUTLOOK

The Group remains cautious of the protracted COVID-19 pandemic, changing market conditions and unstable economic environment and is aware of the challenges that lie ahead in 2023. The Group will adopt a cautious and prudent approach on expansions and will continue to focus on strengthening its position in the after-market automotive services business and the short-term and long-term rental business in Singapore and increasing its market share in the sales of automobiles, parts and related products in the Mainland China market and seek any feasible business segment expansions, such as biological health, new retail, e-commerce, franchise management, insurance brokerage, prepared vegetables processing etc. which is suitable for the Group's market diversification efforts into the PRC.

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

FINANCIAL REVIEW

Revenue

Revenue for the Group was SGD54.2 million for PE2023, as compared to SGD41.9 million for PE2022, an increase of approximately SGD12.3 million. The increase was mainly attributable to:

- (i) Increase in sales of passenger car spare parts, accessories and automobiles of approximately SGD11.6 million during PE2023 as compared to PE2022. This is mainly due to the increase in sales of supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China of approximately SGD11.1 million for PE2023 as compared to PE2022.
- (ii) Increase in after-market automotive services income of approximately SGD0.4 million in PE2023 due to a recovery of market as compared to PE2022 as Singapore has further eased COVID restriction measurements in PE2022.
- (iii) Increase in car rental income of approximately SGD0.4 million in PE2023. This is due to the combined effects of an increase in rental fleet of the group and a market recovery as a result from further easing of COVID restriction measurements in PE2022.

Cost of materials used and change in trading inventories

In PE2023, the cost of materials used and change in trading inventories increased by approximately SGD11.6 million from SGD36.1 million in PE2022 to SGD47.7 million in PE2023. This was mainly due to the increase in cost of materials used in relation to the increase in supply of automobile spare parts, accessories, equipment and automobiles to customers in Mainland China and the increase in cost of materials used in after market automotive supply.

Other income and gains

In PE2023, other income and gains decrease by approximately SGD0.3 million from SGD0.5 million in PE2022 to SGD0.2 million PE2023, which was mainly due to the decrease in (i) COE and PARF encashment from vehicle deregistration in PE2023, (ii) gain on disposal of PPE and (iii) sponsorship.

Employee benefits expenses

In PE2023, the employee benefit expenses increased by approximately SGD69,000. This is due to the increase in overall headcount of the group.

Depreciation of property, plant and equipment and right-of-use assets

The increase in overall depreciation of property, plant and equipment and right-of-use assets of approximately SGD122,000 was due to an increase in depreciation of property, plant and equipment of approximately SGD351,000, which was partially offset by a decrease in depreciation of right-of-use assets of approximately SGD229,000 which was in turn due to the transfer of right of use assets to property, plant and equipment upon the completion of financing obligations and increase in depreciation of renovations that has increased from the move of the headquarters and workshop in Kung Chong to Sin Ming.

Finance costs

The decrease in finance cost of approximately SGD48,000 from SGD237,000 in PE2022 to SGD189,000 in PE 2023 was mainly due to a revision of interest rate arising from short term loans in PE2023.

Income tax expense

The Group recorded a tax expense of approximately SGD85,000 in PE2023 as compared to SGD110,000 in PE2022. The tax expense resulted from the current period income tax of a subsidiary each in Mainland China and Singapore.

Loss and total comprehensive income for the period

The Group recorded a loss and total comprehensive income of approximately SGD489,000 and SGD501,000 respectively in PE2023 as compared to SGD557,000 and SGD637,000 in PE2022. The loss for the period was mainly attributed to the combined effects of the lower other income and gains, increase in employee benefit, increase in depreciation and maintenance costs from the increase in the Group's rental fleet, offsetted with the decrease in insurance expenses on the rental fleet from a change in insurer and decrease in professional fees.

LIQUIDITY AND FINANCIAL RESOURCES

As at 30 June 2023, the cash and cash equivalents were approximately SGD2.5 million (31 December 2022: SGD4.8 million). The working capital (current assets less current liabilities) and total equity of the Group as at 30 June 2023 were approximately SGD0.2 million and approximately SGD7.9 million, respectively.

As at 30 June 2023, the Group's bank borrowings with maturity within one year amounted to approximately SGD1.5 million (31 December 2022: SGD1.5 million).

These bank borrowings are interest bearing at fixed rates as at 30 June 2023 and 31 December 2022. The interest rates of the Group's bank borrowings as at 30 June 2023 and 31 December 2022 granted under banking facilities are at 1.7% to 2.5% per annum and 2.5% per annum respectively.

The gearing ratio of the Group, which was defined as total debt divided by total equity, was approximately 1.5 as at 30 June 2023 (31 December 2022: 1.5). Total debt includes all bank borrowings, interest bearing loans from related company and lease liabilities. The net debt to equity of the Group, which was defined as total debt net of cash and cash equivalents divided by total equity, were approximately 1.2 as at 30 June 2023 (31 December 2022: 1.0). The increase was mainly due to the increase in total debt and a decrease in total equity during the period.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
<p>1 Transition risk due to Singapore Government's push to phase out Internal Combustion Engine ("ICE") vehicles by 2030 and have all vehicles powered by cleaner energy by 2040.</p>	<p>In light of the Singapore's government vision to phase out ICE vehicles and have all vehicles powered by cleaner energy by 2040, there is a growing shift towards Electric Vehicles ("EVs") within the local automotive industry. As a result, the Group might face the following challenges if it does not adapt expeditiously: 1) Decrease in workshop revenue due to reducing number of servicing and repairs, as EVs have lesser moving parts and may only require a servicing once every year or two; 2) The insufficient number of qualified mechanics to repair EVs; and 3) Difficulty in acquiring new EV technology for diagnostic.</p>	<p>The Group is looking to mitigate the foreseeable challenges through the following:</p> <ol style="list-style-type: none"> 1) Expanding other local revenue streams like car rental, while diversifying to other industries abroad; 2) Acquiring EVs, installation of EV Chargers and seeking for appointment as Tesla's approved Bodyshop to increase EV handling, training and exposure for staff; and 3) Sourcing for potential partnerships and business opportunities that may arise due to the impending EV revolution.

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
<p>2 The Group's revenue and profits are mainly derived from Singapore and China, and the Group's sales performance is susceptible to changes in both country's policies, and its financial, social and economic environment.</p>	<p>The Group's sales performance is susceptible to any changes or developments in the economic, financial, or social conditions of both Singapore and China that are outside the Group's control, which includes but are not limited to:</p> <p>(1) Singapore government regulation to limit and tighten the Certificate of Entitlement ("COE") quota by only replacing the number of de-registered vehicles on the road at most. Hence, with a reduced number of vehicles on the road, the demand for the Group's after-market automotive services may be materially and adversely affected; and</p> <p>(2) supply of experienced and skilled staff, such as service advisors and technicians, mainly of which are not Singapore citizens. Hence, if there are any unfavourable changes towards Singapore's manpower policies, the supply or labour cost of such foreign workers may be affected, thus affecting the Group's business operations and profitability.</p>	<p>The Group will stay abreast of latest country news and policy changes to respond quickly while diversifying and strengthening our various revenue streams. For example:</p> <p>1) Sending our technicians for upskilling EV courses to ensure that we can stay ahead of the competition to be able to repair and service EVs.</p> <p>2) Due to the limitation of COEs, and with rising car prices, consumers are looking to rent vehicles instead. Thus, the Group has increased its rental fleet as a result.</p> <p>3) Diversifying revenue across geography and industry.</p>

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

CAPITAL STRUCTURE

The Shares were successfully listed on GEM of the Stock Exchange on 11 October 2019. There has been no change in the capital structure of the Group since then to the date of this report. The capital structure of the Group only comprises ordinary Shares.

As at 30 June 2023, the Company's issued share capital was HK\$8,500,000, and the number of its issued ordinary Shares was 850,000,000 of HK\$0.01 each.

Please refer to the sections headed "Liquidity and Financial Resources" above and "Charge on Group's Assets" below on maturity profile and interest rate structure of the Group's debts.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout the six months ended 30 June 2023. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

FOREIGN EXCHANGE EXPOSURE

The Group's income and expenditure during the six months ended 30 June 2023 were principally denominated in Singapore dollar and Chinese yuan, and most of the assets and liabilities as at 30 June 2023 were denominated in Singapore dollar. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in the exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the six months ended 30 June 2023.

CAPITAL COMMITMENTS

As at 30 June 2023, the Group has capital commitments contracted but not provided for of approximately SGD0.2 million (31 December 2022: SGD0.5 million).

CHARGE ON GROUP'S ASSETS

As at 30 June 2023, the Group's bank borrowings and lease liabilities of motor vehicles were secured by a corporate guarantee from the Company or a corporate guarantee from an indirect wholly own subsidiary of the Company and the underlying assets.

CONTINGENT LIABILITIES

As at 30 June 2023, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties (31 December 2022: Nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

During the six months ended 30 June 2023, the Group did not have any significant investments, material acquisitions or disposals of subsidiaries and affiliated companies.

FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

As at 30 June 2023, the Group does not have other plans for material investments and capital assets.

HUMAN RESOURCES

As at 30 June 2023, the Group had 146 employees (31 December 2022: 132 employees) with total staff cost of approximately SGD3.0 million incurred for the six months ended 30 June 2023 (31 December 2022: SGD6.3 million). As required by the applicable laws and regulations, the Group participates in the Central Provident Fund prescribed by the Central Provident Fund Act (Chapter 36 of the laws of Singapore) and have made the relevant contributions in accordance with the aforesaid laws and regulations. Save as the aforesaid, we have not participated in any other pension scheme(s). The Group's remuneration policy rewards employees and Directors based on individual performance, demonstrated capabilities, involvement, market comparable information and the performance of the Group. The Group improves the professional skills and management level of its employees through internal and external training. To ensure that the Group attracts and retains competent staff, remuneration packages are reviewed on a regular basis. Performance bonuses are offered to qualified employees based on individual and the Group's performance. We did not experience any material labour disputes during the six months ended 30 June 2023.

OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of the Directors and chief executive of the Company or any of their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) ("SFO") which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long Positions	As at 30 June 2023		
	Name of Director	Capacity/ Nature of Interest	Number of Shares held
Mr. Ang Lay Keong (Hong Liqiang) ("Mr. Ang") ⁽²⁾	Interest in controlled corporation	378,798,000	44.56%
Ms. Lim Li Ling (Lin Liling) ("Ms. LL Lim") ⁽³⁾	Interest of spouse	378,798,000	44.56%
Mr. Hu Wu'an	Beneficial owner	7,880,000	0.93%

Notes:

- (1) The percentage has been compiled based on the total number of 850,000,000 Shares in issue as at 30 June 2023.
- (2) This represents the Shares held by Red Link International Limited (“**Red Link**”), a company that is beneficially owned by Ms. Lim Fang Fang, Queenie (Lin Fangfang, Queenie) (“**Ms. FF Lim**”) as to 54.70% and Mr. Ang as to 45.30%. Therefore, Mr. Ang and Ms. FF Lim are deemed to be interested in all the Shares held by Red Link under the SFO.
- (3) Ms. LL Lim, one of the executive Directors, is the spouse of Mr. Ang, and is deemed to be interested in all the Shares held by Red Link in which Mr. Ang is deemed to be interested under the SFO.

Save as disclosed above, as at 30 June 2023, none of the Directors or chief executive of the Company nor their associates have interests or short positions in any Shares or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that are required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

So far as the Directors are aware, as at 30 June 2023, the persons (other than Directors or chief executive of the Company) who had interests in the Shares and underlying Shares of the Company within the meaning of Part XV of the SFO which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company were as follows:

Name	Capacity/ Nature of Interest	As at 30 June 2023	
		Number of Shares held	Approximate percentage of Shareholding ⁽¹⁾
Red Link	Beneficial owner	378,798,000	44.56%
Ms. FF Lim ⁽¹⁾	Interest in a controlled corporation	378,798,000	44.56%
Mr. Ng Chee Keen ⁽²⁾	Interest of spouse	378,798,000	44.56%
Mr. Chee Siew Wee	Beneficial owner	48,702,000	5.73%
Mr. Chong Soo Hoon, Sean	Beneficial owner	46,850,000	5.51%

Notes:

- (1) The percentage has been compiled based on the total number of 850,000,000 Shares in issue as at 30 June 2023.
- (2) This represents the shares held by Red Link, a company that is beneficially owned Ms. FF Lim as to 54.70%. Therefore, Ms. FF Lim is deemed to be interested in all the Shares held by Red Link under the SFO.
- (3) Mr. Ng Chee Keen is the spouse of Ms. FF Lim and is deemed to be interested in all the Shares held by Red Link in which Ms. FF Lim is deemed to be interested under the SFO.

Save as disclosed above, as at 30 June 2023, the Directors are not aware of any other person (other than the Directors or chief executive of the Company as disclosed in the section headed “Directors’ and chief executive’s interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations” above) who have or are deemed to have interests or short positions in the Shares, underlying Shares or debentures of the Company which have to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO or are recorded in the register required to be kept by the Company under section 336 of the SFO.

COMPETING INTERESTS

For the six months ended 30 June 2023, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) was interested in any business which competes or may compete, either directly or indirectly, with the Group’s business nor did they have any other conflicts of interest with the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the six months ended 30 June 2023.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 18 September 2019 (the “**Share Option Scheme**”). The terms of the Share Option Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules.

Unless otherwise cancelled or amended, the Share Option Scheme will remain in force for a period of 10 years commencing on 18 September 2019. No share option has been granted since the adoption of the Share Option Scheme and there is no share option outstanding as at 30 June 2023. An option may be accepted within 21 days from the date of offer. A sum of HK\$1.00 shall be payable on acceptance. Unless otherwise determined by the Directors and stated in the offer for the grant of options to the grantee, there is no minimum holding period before it can be exercised. The maximum entitlement of each participant and the exercise price shall be in accordance with the GEM Listing Rules. Details of the Share Option Scheme are set out in the paragraph headed “Statutory and General Information – 4. Share Option Scheme” in Appendix IV to the Prospectus.

The number of share options available for grant under the scheme mandate of the Share Option Scheme shall not exceed 85,000,000, and the number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme, shall not exceed 85,000,000 Shares, representing 10% of the aggregate of the Shares in issue on the date of listing of the Company and 10% of the number of issued Shares as at the beginning and the end of PE2023.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Saved as disclosed in the paragraphs headed "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company and its associated corporations" above, at no time during the six months ended 30 June 2023 and up to the date of this report did the Directors and the chief executive of the Company or their respective associates (as defined under the GEM Listing Rules) have any interest in or exercise, or had been granted, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors on terms as required by Rules 5.48 to 5.67 of the GEM Listing Rules ("**Required Standard of Dealings**"). The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors, all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings for the six months ended 30 June 2023 and up to the date of this report.

CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 15 of the GEM Listing Rules. The Board has reviewed the Company's corporate governance practices and has formed the opinion that the Company throughout the six months ended 30 June 2023 and up to the date of this report, has complied with the CG Code.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code. The primary duties of the Audit Committee are to review the Company's financial information and oversee the Company's financial reporting system, risk management and internal control procedures. The full terms of reference setting out details of duties of the Audit Committee are in compliance with the CG Code and are available on the websites of the Stock Exchange and the Company.

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

The interim results of the Group for the six months ended 30 June 2023 have not been audited. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2023 together with this interim report and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

DIVIDEND

The Board does not recommend the payment of any interim dividend in respect of the six months ended 30 June 2023 (six months ended 30 June 2022: Nil).

CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

Save as disclosed in this interim report, the Company does not have any other disclosure obligations under Rules 17.22, 17.23 and 17.24 of the GEM Listing Rules.

EVENT AFTER THE REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 30 June 2023 and up to the date of this report.

APPRECIATION

On behalf of the Board, I would like to deeply thank our shareholders, business partners and customers for their continuous support to the Group. I would also express 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
Optima Automobile Group Holdings Limited
Hu Wu'an
Chairman and Executive Director

Hong Kong, 11 August 2023

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

* *For identification purpose only*