

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



Interim Report

2024



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This report, for which the directors (the “Directors”) of Zhongshi Minan 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 and all opinions expressed in the report have been arrived at after due and careful consideration and are founded on bases and assumptions that are fair and reasonable.

This report will remain on the “Latest Listed Company Information” page of the Stock Exchange website at www.hkexnews.hk for at least seven days from the date of its posting. This report will also be published on the website of the Company at www.zhongshiminanholdings.com.



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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. WANG Lei
(*Co-Chairman and Chief Executive Officer*)
Mr. FENG Wei (*Co-Chairman*)
Mr. CHUA Boon Hou (CAI Wenhao)
Ms. WU Mengmeng (appointed on 30 May 2024)
Ms. WU Lili (resigned on 30 May 2024)

NON-EXECUTIVE DIRECTORS

Mr. LI Xiaodong (appointed on 30 May 2024)
Mr. ZHAO Yanjiao
Mr. WANG Bing (resigned on 30 May 2024)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. CHEN Huichun
Mr. GAO Yan
Mr. ZHAO Wei

AUDIT COMMITTEE

Mr. GAO Yan (*Chairman*)
Mr. CHEN Huichun
Mr. ZHAO Wei

REMUNERATION COMMITTEE

Mr. GAO Yan (*Chairman*)
Mr. WANG Lei
Mr. ZHAO Wei

NOMINATION COMMITTEE

Mr. ZHAO Wei (*Chairman*)
Mr. CHEN Huichun
Mr. WANG Lei

RISK MANAGEMENT COMMITTEE

Mr. ZHAO Wei (*Chairman*)
Mr. CHUA Boon Hou (CAI Wenhao)
Mr. WANG Lei

COMPLIANCE OFFICER

Mr. CHUA Boon Hou (CAI Wenhao)

COMPANY SECRETARY

Mr. LO Kam Tai

AUTHORISED REPRESENTATIVES

Mr. CHUA Boon Hou (CAI Wenhao)
Mr. LO Kam Tai

AUDITOR

CL Partners CPA Limited
Certified Public Accountants
3203A-05, Tower 2
Lippo Centre
Admiralty, 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

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HEADQUARTERS IN CHINA

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Shandong Province

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
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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
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Hong Kong

STOCK CODE

8283

COMPANY'S WEBSITE ADDRESS

www.zhongshiminanholdings.com

INTERIM RESULTS

The board of Directors (the "Board") of the Company is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the six months ended 30 June 2024 together with the unaudited comparative figures for the corresponding period in the year 2023.

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

For the six months ended 30 June 2024

	Notes	Six months ended 30 June	
		2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
REVENUE	3	9,433	11,851
Other income and gains		107	970
Items of expense			
Cost of materials		(4,983)	(5,916)
Marketing and advertising expenses		(57)	(62)
Employee benefits expense		(3,462)	(3,455)
Depreciation of property, plant and equipment		(147)	(212)
Depreciation of right of use assets		(341)	(340)
Finance costs		(66)	(37)
Other expenses		(2,602)	(1,660)
(Loss)/profit before tax	4	(2,118)	1,139
Income tax expense	5	(4)	(24)
(Loss)/profit for the period		(2,122)	1,115
OTHER COMPREHENSIVE EXPENSE			
<i>Item that may be subsequently reclassified to profit or loss:</i>			
Exchange differences on translation of foreign operations		(17)	(30)
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD		(2,139)	1,085
(Loss)/profit attributable to:			
Owners of the parent		(1,754)	1,114
Non-controlling interests		(368)	1
		(2,122)	1,115
Total comprehensive (expense)/income attributable to:			
Owners of the parent		(1,771)	1,084
Non-controlling interests		(368)	1
		(2,139)	1,085
(LOSS)/PROFIT PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT			
– Basic and diluted (Singapore cents per share)	7	(0.11)	0.06

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2024

	Notes	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,998	2,676
Right-of-use assets		1,270	1,661
Financial assets at fair value through profit or loss		492	492
Investment in associates		190	–
Prepayments, other receivables and other assets	10	1,170	1,406
Total non-current assets		6,120	6,235
CURRENT ASSETS			
Financial assets at fair value through profit or loss		2,097	1,603
Inventories		990	670
Trade receivables	9	1,070	1,390
Prepayments, other receivables and other assets	10	8,570	8,308
Cash and cash equivalents		2,511	2,930
Total current assets		15,238	14,901
CURRENT LIABILITIES			
Trade and other payables	11	8,512	7,372
Bank and other borrowings	12	1,532	620
Contract liabilities		1,466	858
Tax payable		43	178
Total current liabilities		11,553	9,028
NET CURRENT ASSETS		3,685	5,873
TOTAL ASSETS LESS CURRENT LIABILITIES		9,805	12,108
NON-CURRENT LIABILITIES			
Provisions		413	413
Contract liabilities		3,128	4,018
Bank and other borrowings	12	2,284	1,557
Deferred tax liabilities		12	12
Total non-current liabilities		5,837	6,000
Net assets		3,968	6,108
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	900	900
Reserves		4,515	6,286
		5,415	7,186
Non-controlling interests		(1,447)	(1,078)
Total equity		3,968	6,108

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2024

	Share capital S\$'000	Share premium S\$'000	Other capital reserve S\$'000	Merger reserve S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2023 (audited)	900	8,982	126	3,884	(6,323)	5	7,574	2	7,576
Profit and total comprehensive expense for the period	-	-	-	-	1,115	(30)	1,085	1	1,086
At 30 June 2023 (unaudited)	900	8,982	126	3,884	(5,208)	(25)	8,659	3	8,662
At 1 January 2024 (audited)	900	8,982	126	3,884	(6,465)	(241)	7,186	(1,078)	6,108
Loss and total comprehensive expense for the period	-	-	-	-	(1,754)	(17)	(1,771)	(369)	(2,140)
At 30 June 2024 (unaudited)	900	8,982	126	3,884	(8,219)	(258)	5,415	(1,447)	3,968

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2024

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Net cash (used in)/from operating activities	(550)	887
Net cash used in investing activities	(1,508)	(32)
Net cash from/(used in) financing activities	1,639	(426)
Net (decrease)/increase in cash and cash equivalents	(419)	429
Cash and cash equivalents at beginning of the period	2,930	2,988
Cash and cash equivalents at end of the period	2,511	3,417

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the six months ended 30 June 2024

1. General information

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

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

2. Basis of preparation

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

The Group has adopted all the new and revised IFRSs which have been issued and effective on 1 January 2024 by IASB that are relevant to its operations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and has no material effect on the financial performance or position of the Group since last financial year end.

The unaudited condensed consolidated financial statements have been prepared under the historical cost convention, except for an investment in a life insurance policy, which has been measured at fair value. The unaudited condensed consolidated financial statements are presented in Singapore dollar (“SGD” or “S\$”) and all values are rounded to the nearest thousand (“S\$’000”), except when otherwise indicated.

Basis of consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the six months ended 30 June 2024. 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 income and expenses 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, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. Revenue

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

	2024 S\$'000	2023 S\$'000
Revenue from contracts with customers		
– Maintenance and repair services	7,665	7,830
– Modification, tuning and grooming services and trading of spare parts and accessories	1,409	2,544
– Sale of food and kitchen appliances	193	456
– Brand management services	66	949
Revenue from other sources		
– Provision of motor finance services	100	72
	9,433	11,851

4. (Loss)/profit before tax

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

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Depreciation of property, plant and equipment	147	212
Depreciation of right-of-use assets	341	340
Staff costs (excluding directors' and chief executive's remuneration)	3,462	3,251

5. 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 during the period.

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

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
Current income tax – Current period	4	24
Tax expense for the period	4	24

6. Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2024 (2023: Nil).

7. (Loss)/profit per share attributable to owners of the Company

As at 30 June 2024, the Company had 2,000,000,000 ordinary shares in issue. The calculation of basic (loss)/profit per share is based on the following data:

	Six months ended 30 June	
	2024 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)
(Loss)/profit for the period attributable to owners of the Company for the purpose of basic loss per share	(2,122)	1,114

	Six months ended 30 June	
	2024 '000 (Unaudited)	2023 '000 (Unaudited)
Number of Shares for the purpose of basic (loss)/profit per share		
Weighted average number of ordinary shares	2,000,000	2,000,000

Basic (loss)/profit per share for the six months ended 30 June 2024 is S\$(0.11) cent (2023: S\$0.06 cent).

8. Property, plant and equipment

During the six months ended 30 June 2024, the Group acquired S\$0.48 million plant and equipment (six months ended 30 June 2023: S\$0.03 million).

9. Trade receivables

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Trade receivables, gross carrying amount	1,127	1,447
Less: Impairment losses recognised	(57)	(57)
Trade receivables, net	1,070	1,390

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

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

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Less than 30 days	1,019	1,344
30–60 days	41	43
61–90 days	6	4
91–120 days	–	–
More than 120 days	61	56
	1,127	1,447

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

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
At beginning of the year	57	118
Impairment loss recognised	–	–
Reversal of impairment loss	–	(61)
At end of the period/year	57	57

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 30 June 2024

	Current S\$'000	Less than 1 month S\$'000	Past due 1 to 3 months S\$'000	Over 3 months S\$'000	Total S\$'000
Gross carrying amount	1,019	41	6	61	1,127
Expected credit losses	–	–	–	(57)	(57)
	1,019	41	6	4	1,070

As at 31 December 2023

	Current S\$'000	Less than 1 month S\$'000	Past due 1 to 3 months S\$'000	Over 3 months S\$'000	Total S\$'000
Gross carrying amount	1,313	74	4	56	1,447
Expected credit losses	–	–	(1)	(56)	(57)
	1,313	74	3	–	1,390

10. Prepayments, other receivables and other assets

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Non-current		
Prepayments	–	38
Loans receivables from third parties*	1,170	1,368
	1,170	1,406
Current		
Prepayments	629	941
Other receivables	1,236	932
Deposits**	5,675	5,700
Loans receivables from third parties*	1,030	735
	8,570	8,308
	9,740	9,714

* The amount mainly represents interest-bearing S\$ loans provided to customers for the purchase of vehicles, the tenure of the loans can range from 1 to 7 years or may be determined based on the age of the motor vehicle.

** The amount represents deposits paid for the purchase of vehicles for resale purpose as well as investment to upgrade our workshop facilities and equipments for electric vehicles. With the expected recovery and demand for motor vehicles in Singapore, the Group reinitiated its plan to expand its business of trading of passenger car and electric vehicles as part of its effort to expand into the electric vehicles market. The delivery is expected to be around end of Q3 2024.

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 30 June 2024 and 31 December 2023, 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:

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Gross carrying amount	2,200	2,103
Expected credit losses	–	–
	2,200	2,103

Loan receivables from third parties

As at 30 June 2024, the amount of loan receivables from third parties of approximately S\$2.2 million (2023: S\$2.1 million) mainly represents the outstanding motor vehicles financing loans provided to our customers. There was a total of 17 motor financing loans extended to our customers.

The motor vehicle financing loans have the following summarized terms. The tenure of the loans can range from 1 to 7 years or may be determined based on the age of the motor vehicle. The interest rates are fixed and the rates for outstanding loans as of 30 June 2024 range from 3% to 7%. The offered interest rate depends on various factors such as the prevailing SIBOR rate at the start of the loan, the age, make and model of the vehicle, the loan tenure, and the borrower's creditworthiness and risk profile. Collaterals for these loans involve lodging the motor vehicle purchased with the Hire Purchase, Finance and Leasing Association of Singapore. All customers who avail of these loans are independent individual customers

Details of the top five motor vehicle financing loans are as follows:

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Customer A	305	403
Customer B	283	–
Customer C	228	251
Customer D	183	218
Customer E	171	185
Customer F	147	160
Others	883	886
	2,200	2,103

As at 30 June 2024

	Gross receivables S\$'000	Unearned finance income S\$'000	Loan receivables from third parties S\$'000
Analysed into:			
Receivable			
– Within 1 year	1,192	80	1,112
– After 1 year but within 5 years	1,235	147	1,088
	2,427	227	2,200

As at 31 December 2023

	Gross receivables S\$'000	Unearned finance income S\$'000	Loan receivables from third parties S\$'000
Analysed into:			
Receivable			
– Within 1 year	879	122	757
– After 1 year but within 5 years	1,515	169	1,346
	2,394	291	2,103

11. Trade and other payables

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Trade payables	1,500	1,416
Other payables	3,947	2,193
Accrued expenses	1,248	1,557
Amount due to a director*	1,817	2,206
	8,512	7,372

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

Trade payables and other payables are normally settled on 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:

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Less than 30 days	846	1,129
30–60 days	492	252
61–90 days	127	–
More than 90 days	35	35
	1,500	1,416

12. Bank and other borrowings

	30 June 2024		31 December 2023	
	Maturity	S\$'000 (Unaudited)	Maturity	S\$'000 (Audited)
Current				
S\$ short term loan at 7.02% per annum	2024	500	N/A	–
Term loans:				
– S\$ loan at SORA reference rate plus 2% per annum	2025	138	N/A	–
Lease liabilities	2025	894	2024	620
		1,532		620
Non-current				
S\$ loan at SORA reference rate plus 2% per annum	2029	863	N/A	–
Lease liabilities	2026–2029	1,421	2025–2028	1,557
		2,284		1,557
Total		3,816		2,177

	30 June 2024 S\$'000 (Unaudited)	31 December 2023 S\$'000 (Audited)
Analysed into:		
Within one year	1,532	620
In the second year	734	845
In the third to fifth years	1,550	712
	3,816	2,177

Notes:

All borrowings are denominated in SGD.

13. Share capital

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 17 March 2016 with authorised share capital of HK\$380,000 divided into 38,000,000 shares of HK\$0.01 each. On the date of incorporation, 10,000 shares of nominal value of HK\$0.01 each were allotted and issued to its then shareholders. Upon the completion of the reorganisation on 21 October 2016, the Company became the holding company of the Group.

On 4 April 2019, the number of shares of the Company was subdivided into four subdivided shares of HK\$0.0025 each, from 500,000,000 shares to 2,000,000,000 shares.

	2024 S\$'000	2023 S\$'000
Issued and fully paid: 2,000,000,000 (2023: 2,000,000,000) ordinary shares	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.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the period ended 30 June 2024, the Group recorded revenue of approximately S\$9.43 million, a decline of approximately S\$2.42 million or 20.4% from approximately S\$11.85 million for the period ended 30 June 2023. Revenue from our Singapore operations decreased by 15.3% to S\$8.75 million, largely due to lower sales of spare parts export. Revenue from Mainland China also decreased by 51.4% to S\$0.68 million, primarily due to lower consumption demand and economy downturn.

For the six months ended 30 June 2024, the Group recorded a loss of approximately S\$2.14 million as compared to a profit of approximately S\$1.09 million for the corresponding period in 2023. The Group's loss position was mainly attributed to lower sales in both markets, capital losses from listed securities investments and substantial expenses incurred related to brand awareness and market expansion in China.

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.

We have the capability to maintain and repair a wide range of brands of passenger cars in Singapore and are equipped with diagnostic equipment for carrying out such services. We modify and tune mainly luxury and ultra-luxury passenger cars, providing services ranging from aesthetic modifications including installing 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, the United Kingdom, China and Thailand.

Since 2022, the Group ventured into the new smart kitchen segment in Mainland China, adopting a multiple business development model which includes offline retail stores, food delivery, small vegetable packaging, food and beverage branding incubation, and SaaS+ empowerment. By integrating industry SaaS+ services, the Group will create a complete vertical management system and commercial empowerment system, offering a full range of solutions from procurement, production, and sales for channels and traditional enterprises.

Outlook

Singapore faces several challenges in 2024 including economic uncertainty, geopolitical tensions, wide income gap, inflation and high cost of living. The automotive market in Singapore continues to evolve and be shaped by key trends such as the adoption of electric vehicles, focus on sustainability, new technologies and mobility solutions. After reaching high records in 2023, the Certificate of Entitlement (COE) premiums are expected to moderate due to an increase in 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 of 30 June 2024, the total number of motor vehicle population stood at 998,869 (December 2023: 996,732), of which 654,255 are cars and private hire cars (source: <https://www.lta.gov.sg>).

The land transport authority of Singapore is committed to move towards a greener and more sustainable land transport system and reducing emissions in support of Singapore's net-zero emissions goal. Further, under the Singapore Green Plan 2030, all new car and taxi registrations will be of cleaner-energy models from 2023 and a comprehensive EV Roadmap to drive EV adoption has been set out. A target of 60,000 EV charging points to be installed by 2030 to ensure the accessibility of charging infrastructure to encourage EV adoption. 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. Aligning with the Government's strategic shift towards sustainable transportation to electric cars by 2040, the Group has started deploying resources to stay at the vanguard of the technological progress by ensuring our technicians are adept with state-of-the art repair equipment and possess the advanced skills necessary to service a diverse portfolio of passenger car brands. Furthermore, we are expanding our vehicle trading operations to include electric vehicles, thereby broadening our product range and enhancing our service offerings in the Singapore market. We will increase our investment in specialised equipment to handle the unique components and safety requirements for electric vehicles that differ from traditional combustion engine vehicles as well as other partnerships or collaborations with international partners.

In relation to the smart kitchen segment, the Group will implement a multiple business development model, including offline retail stores, food delivery, small vegetable packaging, food and beverage branding 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 and sales for channels and traditional enterprises. Moving forward, the Company's business scope will continue to expand, with the aim of becoming a leading platform for global prefabricated vegetable industry SaaS+ services.

Against a backdrop of an uncertain global economic outlook, shifting automotive trends and raising costs in 2024, 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

For the period ended 30 June 2024, the Group recorded revenue of approximately S\$9.43 million, a decline of approximately S\$2.42 million or 20.4% from approximately S\$11.85 million for the period ended 30 June 2023. Revenue from our Singapore operations decreased by 15.3% to S\$8.75 million, largely due to lower sales of spare parts export. Revenue from Mainland China also decreased by 51.4% to S\$0.68 million, primarily due to lower consumption demand and economy downturn.

Other income and gains

Other income and gains decreased substantially by approximately S\$0.86 million from approximately S\$0.97 million for the period ended 30 June 2023 to approximately S\$0.11 million for the period ended 30 June 2024. The net decrease was due to the absence of realised capital gains from the disposal of listed securities investments as compared to the corresponding period in 2023.

Cost of materials

Our cost of materials decreased by approximately S\$0.93 million or 15.8% for the period ended 30 June 2024 resulting in a lower gross profit margin from 50.1% to around 47.2%. This decline was attributed to reduced contributions from the food and kitchen appliances trading business and brand management services in Mainland China, which are typically higher-margin segments.

Other expenses

Other expenses increased by approximately S\$0.94 million or 56.7% from approximately S\$1.66 million for the period ended 30 June 2023 to approximately S\$2.60 million for the year ended 30 June 2024. The increase was primarily due to capital losses of S\$0.31 million from listed securities investments, additional expenditures on software upgrades, and costs associated with brand awareness and market expansion efforts in China.

Loss for the period

For the period ended 30 June 2024, the Group recorded a loss of approximately S\$2.14 million as compared to a profit of approximately S\$1.09 million for the corresponding period in 2023. The Group's loss position was mainly attributed to lower sales in both markets, capital losses from listed securities investments and substantial expenses incurred related to brand awareness and market expansion in China.

Liquidity, financial and capital resources

Cash position

Our cash and bank balances amounted to approximately S\$2.51 million and S\$2.93 million as at 30 June 2024 and 31 December 2023, respectively. The functional currency of our Group is SGD. As at 30 June 2024, 99% of our Group's cash and bank balances was denominated in the functional currency (31 December 2023: 89.4%) and the remaining 1% (31 December 2023: 10.6%) in other currencies, mainly Renminbi and Hong Kong dollar.

Our Group's primary sources of funds during the period was cash from operating activities. Our Group had net cash used in operating activities of approximately S\$0.55 million. We had net cash used in investing activities of approximately S\$1.51 million and net cash from financing activities of approximately S\$1.64 million.

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 0.7 times as at 30 June 2024 (31 December 2023: 0.3 times).

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.

Contingent liabilities

As at 30 June 2024, the Group had no material contingent liabilities (31 December 2023: nil).

Charge on assets

As at 30 June 2024, the Group had no charge on assets (31 December 2023: nil).

Capital structure

As at 30 June 2024, the Company has 2,000,000,000 Shares of HK\$0.0025 each in issue. The nominal value of issued share capital was approximately S\$0.9 million as at 30 June 2024 (31 December 2023: approximately S\$0.9 million).

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.

OTHER INFORMATION

Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company or any of their respective associates in the shares (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	590,870,000	29.54%
Mdm. LI Lidan ⁽²⁾	Interest of spouse	590,870,000	29.54%
Mr. CHEN Huichun	Beneficial interest	700,000	0.04%
Mdm. WANG Chongyu ⁽³⁾	Interest of spouse	700,000	0.04%

Notes:

- (1) This is based on the total number of Shares in issue as at 30 June 2024, being 2,000,000,000.
- (2) 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.
- (3) Mdm. WANG Chongyu ("Mrs. CHEN") is the spouse of Mr. CHEN Huichun, an independent non-executive Director of the Company. Under the SFO, Mrs. Chen is deemed to be interested in the same number of Shares in which Mr. CHEN Huichun is interested.

Save as disclosed above, 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.

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 six months ended 30 June 2024 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 of its associated corporations.

Substantial shareholders' and other persons' interests and short positions in the Shares and underlying Shares

As at 30 June 2024, 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 30 June 2024 ⁽¹⁾
Mr. LI Jie	Beneficial owner	286,020,000	14.30%
Mdm. HAN Mei ⁽²⁾	Interest of spouse	286,020,000	14.30%
Mdm. LI Lidan ⁽³⁾	Interest of spouse	590,870,000	29.54%

Notes:

- (1) This is based on the total number of Shares in issue as at 30 June 2024, being 2,000,000,000.
- (2) Mdm. HAN Mei ("Mrs. Li") is the spouse of Mr. LI Jie. 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 30 June 2024, 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 of Part XV of the SFO.

Related party transactions

During the six months ended 30 June 2024, the Group has not entered into any related party transactions.

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 six months ended 30 June 2024.

Pledge of asset

As at 30 June 2024, the Group did not have any pledged assets (30 June 2023: Nil).

Exchange rate exposure

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. As at the date of this report, the Group did not use any financial instrument for hedging to mitigate this exposure.

Purchase, sales or redemption of the Company's listed securities

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

Share option scheme

The Company conditionally adopted a share option scheme on 21 October 2016 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been lapsed, or have been granted, exercised or cancelled under the Scheme during the six months ended 30 June 2024 and up to the date of this report.

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 "Required Standard of Dealings"). The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors and all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings during the six months ended 30 June 2024.

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 contained in Appendix C1 to 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 during the six months ended 30 June 2024, and thereafter to the date of this report, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

Audit committee

The Group's interim results for the six months ended 30 June 2024 were unaudited. The Company's audit committee (the "Audit Committee") has reviewed the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2024 pursuant to the relevant provisions contained in the CG Code. A meeting of the Audit Committee was held with the management of the Company for, amongst other things, reviewing the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2024.

Significant investment, material acquisition and disposal

On 26 December 2023, Zhongshi Taian (Shandong) Technology Consultation Company Limited* (the "Purchaser"), being a company incorporated in The People's Republic of China (the "PRC") with limited liability and an indirect wholly-owned subsidiary of the Company, Ms. Xu Xiangyue* (the "Vendor 1") and Shanghai Zhoubao Agricultural Products Sales Company Limited* (the "Vendor 2") entered into the sale and purchase agreement (the "Sale and Purchase Agreement"), pursuant to which the Purchaser has conditionally agreed to acquire, and the Vendor 1 and Vendor 2 (collectively the "Vendors") have conditionally agreed to sell the Sale Equity, representing 100% of the registered capital of Shanghai Tianji Zhongwei Enterprise Development Limited* (the "Target Company"), for a total consideration of RMB19,000,000 (equivalent to approximately HK\$20,938,000) which shall be settled by way of cash and allotment and issue of 357,666,666 Consideration Shares credited as fully paid under the General Mandate.

After due and careful consideration, the Purchaser decided not to proceed with the acquisition of the Sale Equity as contemplated under the Sale and Purchase Agreement. On 1 August 2024, the Purchaser issued a termination notice (the "Termination Notice") to the Vendors, pursuant to which the Purchaser unilaterally terminated the Sale and Purchase Agreement (as amended and supplemented by the supplemental agreement dated 25 March 2024) (the "Amended SPA") with effect from the date of the Termination Notice, thereby releasing and discharging the Purchaser from its respective obligations, duties and liabilities under the Amended SPA (collectively, the "Termination").

Further details of the transaction are disclosed in the Company's announcements dated 27 December 2023, 25 March 2024 and 1 August 2024.

Save as to the disclosed herein, the Group did not have any significant investments during the six months ended 30 June 2024 and did not have any material acquisition and disposal of subsidiary, associates or joint ventures during the six months ended 30 June 2024.

Events after the reporting period

Save as to the disclosed in the heading "Significant investment, material acquisitions and disposal", the Board is not aware of any significant event requiring disclosure that has taken place subsequent to 30 June 2024 and up to the date of this report.

Dividends

The Board did not recommend the payment of any dividend for the six months ended 30 June 2024 (2023: Nil).

Change of auditor

Reference is made to the announcement of the Company dated 30 May 2024. CCTH CPA Limited ("CCTH"), the previous auditor of the Company, notified the Company that CCTH would not offer themselves for re-appointment as auditor of the Company. As such, the Board has resolved, with the recommendation of the Audit Committee, to propose the appointment of CL Partners CPA Limited ("CL Partners") as the new auditor of the Company following the retirement of CCTH.

On 26 June 2024 at the annual general meeting of the Company, an ordinary resolution was passed to appoint CL Partners as the auditors of the Company and to authorise the Board to fix the auditors' remuneration. For details, please refer to the Company's circular dated 4 June 2024 and the Company's announcement dated 26 June 2024.

Appreciation

On behalf of the Board, I would like to express our sincere gratefulness 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*

Hong Kong, 30 August 2024

As at the date of this report, the executive Directors are Mr. WANG Lei, Mr. FENG Wei, Mr. CHUA Boon Hou (CAI Wenhao) and Ms. WU Mengmeng; the non-executive Directors are Mr. LI Xiaodong and Mr. ZHAO Yanjiao; and the independent non-executive Directors are Mr. CHEN Huichun, Mr. GAO Yan and Mr. ZHAO Wei.