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

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 8418)**

**INTERIM RESULTS ANNOUNCEMENT**  
**FOR THE SIX MONTHS ENDED 30 JUNE 2020**

The board (the “**Board**”) of directors (the “**Directors**”) of Optima Automobile Group Holdings Limited (the “**Company**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2020. This announcement, containing the full text of the 2020 interim report of the Group (the “**Interim Report**”), complies with the relevant requirements of the Rules Governing the Listing of Securities (“**GEM Listing Rules**”) on the GEM of The Stock Exchange of Hong Kong Limited (the “**GEM**”) in relation to information to accompany preliminary announcement of interim results. The printed version of the Interim Report will be dispatched to the shareholders of the Company and available for viewing on the website of GEM at [www.hkgem.com](http://www.hkgem.com) and of the Company at [www.ow.sg](http://www.ow.sg) in due course in the manner as required by the GEM Listing Rules.

By Order of the Board

**Optima Automobile Group Holdings Limited**

**Ang Lay Keong (Hong Liqiang)**

*Chairman and Executive Director*

Singapore, 12 August 2020

*As at the date of this announcement, the executive Directors are Mr. Ang Lay Keong (Hong Liqiang), Ms. Lim Li Ling (Lin Liling), Mr. Goh Duo Tzer (Wu Duoze) and Ms. Nie Li. The independent non-executive Directors are Mr. Chu Kin Ming, Mr. Tang Chi Chiu, and Mr. Ong Kar Loon (Wang Jialun).*

*This announcement, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the GEM Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this announcement or any statement herein misleading.*

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

## CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE “STOCK EXCHANGE”)

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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. Ang Lay Keong (*Hong Liqiang*)  
(*Chairman and Chief Executive Officer*)
- Ms. Lim Li Ling (Lin Liling)
- Mr. Goh Duo Tzer (Wu Duoze)  
(Appointed on 28 February 2020)
- Ms. Tan Peck Luan  
(Resigned on 28 February 2020)
- Ms. Nie Li (Appointed on 18 May 2020)

#### Independent Non-Executive Directors

- Mr. Chu Kin Ming
- Mr. Tang Chi Chiu
- Mr. Ong Kar Loon (Wang Jialun)  
(Appointed on 18 May 2020)
- Ms. Liang Weizhang  
(Resigned on 18 May 2020)

### AUDIT COMMITTEE

- Mr. Tang Chi Chiu (*Chairman*)
- Mr. Chu Kin Ming
- Mr. Ong Kar Loon (Wang Jialun)  
(Appointed on 18 May 2020)
- Ms. Liang Weizhang  
(Resigned on 18 May 2020)

### REMUNERATION COMMITTEE

- Mr. Ong Kar Loon (Wang Jialun) (*Chairman*)  
(Appointed on 18 May 2020)
- Ms. Liang Weizhang (*Chairlady*)  
(Resigned on 18 May 2020)
- Mr. Chu Kin Ming
- Mr. Tang Chi Chiu

### NOMINATION COMMITTEE

- Mr. Ong Kar Loon (Wang Jialun) (*Chairman*)  
(Appointed on 18 May 2020)
- Ms. Liang Weizhang (*Chairlady*)  
(Resigned on 18 May 2020)
- Mr. Ang Lay Keong (Hong Liqiang)
- Mr. Chu Kin Ming

### COMPLIANCE OFFICER

- Mr. Goh Duo Tzer (Wu Duoze)  
(Appointed on 28 February 2020)
- Ms. Tan Peck Luan  
(Resigned on 28 February 2020)

### COMPANY SECRETARY

- Mr. Chan Tsang Mo, *HKICPA*

### AUTHORISED REPRESENTATIVES

- Mr. Goh Duo Tzer (Wu Duoze)  
(Appointed on 28 February 2020)
- Ms. Tan Peck Luan  
(Resigned on 28 February 2020)
- Mr. Chan Tsang Mo, *HKICPA*

## **AUDITORS**

BDO Limited

*Certified Public Accountants*

*(Public Interest Entity Auditor registered  
in accordance with the Financial  
Reporting Council Ordinance)*

25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## **COMPLIANCE ADVISER**

Orient Capital (Hong Kong) Limited  
Rooms 2803-2807, 28/F Wing On House  
71 Des Voeux Road Central  
Central, Hong Kong

## **PRINCIPAL BANKERS**

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

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

## **HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Tricor Investor Services Limited  
Level 54, Hopewell Centre  
183 Queen's Road East  
Hong Kong

## **HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE**

6 Kung Chong Road  
Alexandra Industrial Estate  
Singapore 159143

## **REGISTERED OFFICE IN THE CAYMAN ISLANDS**

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

## **PRINCIPAL PLACE OF BUSINESS IN HONG KONG**

Unit 601, 6/F  
Ovest, 77 Wing Lok Street  
Sheung Wan, Hong Kong

## **STOCK CODE**

8418

## **COMPANY'S WEBSITE ADDRESS**

[www.ow.sg](http://www.ow.sg)

## INTERIM RESULTS

The board of Directors (the “**Board**”) 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 2020 with comparative figures for the corresponding periods in 2019 as follows:

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

*For the three months and six months ended 30 June 2020*

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
<b>Revenue</b>	3	<b>2,785</b>	3,620	<b>6,126</b>	7,977
<b>Other income and gains</b>	4	<b>442</b>	104	<b>515</b>	191
<b>Items of expenses</b>					
Cost of materials used		(823)	(1,045)	(1,917)	(2,217)
Marketing and advertising expenses		(4)	(28)	(32)	(97)
Employee benefit expenses		(916)	(1,185)	(2,099)	(2,384)
Depreciation of property, plant and equipment		(71)	(72)	(153)	(169)
Impairment of right-of-use assets		-	-	(170)	-
Depreciation of right-of-use assets		(621)	(784)	(1,377)	(1,563)
Impairment of trade receivables		(447)	-	(789)	(19)
Finance costs	5	(72)	(94)	(146)	(197)
Listing expenses		-	(97)	-	(414)
Short-term lease expenses		(127)	(66)	(176)	(116)
Other expenses		(596)	(406)	(929)	(795)
Share of profits of associates (net of tax)		12	-	12	-

	Notes	Three months ended 30 June		Six months ended 30 June	
		2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
(Loss)/Profit before income tax (expense)/credit	6	(438)	(53)	(1,135)	197
Income tax (expense)/credit	7	-	(31)	12	(150)
(Loss)/Profit and total comprehensive income for the period		(438)	(84)	(1,123)	47
<b>(Loss)/Profit attributable to:</b>					
Owners of the Company		(438)	(84)	(1,123)	47
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		(438)	(84)	(1,123)	47
(Losses)/Earnings per share – Basic and diluted (SGD cents)	9	(0.05)	(0.01)	(0.13)	0.01

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2020

	Notes	30 June 2020 SGD'000 (Unaudited)	31 December 2019 SGD'000 (Audited)
<b>ASSETS AND LIABILITIES</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	413	404
Right-of-use assets	11	10,422	10,740
Deposits	13	148	1,148
Interests in associates	12	778	–
Goodwill		1,954	–
<b>Total non-current assets</b>		<b>13,715</b>	12,292
<b>Current assets</b>			
Inventories		1,084	1,004
Trade and other receivables	13	2,458	3,595
Cash and cash equivalents		3,162	6,343
<b>Total current assets</b>		<b>6,704</b>	10,942
<b>Current liabilities</b>			
Trade and other payables	14	1,849	2,638
Lease liabilities	11	2,753	3,653
Bank borrowings	15	168	169
Current tax liabilities		529	689
<b>Total current liabilities</b>		<b>5,299</b>	7,149
<b>Net current assets</b>		<b>1,405</b>	3,793
<b>Total assets less current liabilities</b>		<b>15,120</b>	16,085



	Notes	30 June 2020 SGD'000 (Unaudited)	31 December 2019 SGD'000 (Audited)
<b>Non-current liabilities</b>			
Lease liabilities	11	3,866	3,613
Bank borrowings	15	558	641
Deferred tax liabilities		97	109
Total non-current liabilities		4,521	4,363
<b>Net assets</b>		<b>10,599</b>	11,722
<b>EQUITY</b>			
Share capital	16	1,497	1,497
Reserves		9,102	10,225
<b>Total equity</b>		<b>10,599</b>	11,722

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2020

	Total equity attributable to owners of the Company					
	Share capital SGD'000	Share premium SGD'000	Merger reserve SGD'000	Other reserve SGD'000	(Accumulated losses)/ Retained earnings SGD'000	Total equity SGD'000
<b>Balance as at 1 January 2020 (audited)</b>	1,497	7,187	2,645	(103)	496	11,722
Loss and total comprehensive income for the period	-	-	-	-	(1,123)	(1,123)
<b>Balance as at 30 June 2020 (unaudited)</b>	1,497	7,187	2,645	(103)	(627)	10,599
<b>Balance as at 1 January 2019 (audited)</b>	17	1,693	2,645	(103)	2,653	6,905
Profit and total comprehensive income for the period	-	-	-	-	47	47
<b>Balance as at 30 June 2019 (unaudited)</b>	17	1,693	2,645	(103)	2,700	6,952

## UNAUDITED CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2020

	Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
Net cash generated from operating activities	648	2,213
Net cash used in investing activities	(2,059)	(265)
Net cash used in financing activities	(1,770)	(1,985)
Net decrease in cash and cash equivalents	(3,181)	(37)
Cash and cash equivalents at beginning of period	6,343	3,031
Cash and cash equivalents at end of period	3,162	2,994
<b>Analysis of balances of cash and cash equivalents</b>		
Cash at banks and on hand	3,162	2,994

# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2018. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The principal place of business is located at 6 Kung Chong Road, Alexandra Industrial Estate, Singapore 159143. On 11 October 2019, the Company's shares were listed on GEM of The Stock Exchange.

The principal activity of the Company is investment holding. The principal activity of the Group is provision of repair and maintenance of motor vehicles in Singapore. As at 30 June 2020, the immediate holding company of the Company was Red Link International Limited, a limited liability incorporated in the British Virgin Islands. The directors of the Company considered the ultimate holding company to be Red Link International Limited.

## 2. BASIS OF PREPARATION AND PRINCIPAL ACCOUNTING POLICIES

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 GEM Listing Rules.

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 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 accounting policies used in the preparation of the unaudited condensed consolidated financial information for the six months ended 30 June 2020 are consistent with those followed in the preparation of the Group's financial information for the year ended 31 December 2019 except for the application of the new or revised standards, amendments and interpretations ("**new or revised HKFRSs**") issued by the HKICPA, which have become effective in the current period, further described in the "Adoption of new or revised HKFRSs" section which are relevant to the Group and effective for the Group's financial period beginning on 1 January 2020.

#### **Adoption of new and revised HKFRSs**

A number of amendments to standards have been issued and are effective from 1 January 2020. The Group applies these amendments for the first time in 2020, but do not have a material impact on the interim financial statements of the Group. Saved as disclosed below, the Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these amendments. Those which are more relevant to the Group include:

- The Conceptual Framework for Financial Reporting 2018
- Amendments to HKAS 1 and HKAS 8 Definition of Material
- Amendments to HKFRS 3 Definition of a Business
- Amendments to HKFRS 9, HKAS 39 and HKFRS 7 Interest Rate Benchmark Reform

### **Basis of consolidation**

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. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Associates are initially recognised in the unaudited condensed consolidated statement of financial position at cost, and subsequently accounted for using the equity method less any impairment losses. 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 included in the carrying amount of the investment in associate. Under the equity method, the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the unaudited condensed consolidated statement of profit or loss and other comprehensive income. Post-acquisition changes in the Group's share of net assets of associates and distributions received are adjusted against the carrying amount of the investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment) are not recognised, unless the Group has incurred legal or constructive obligations to make good those losses or made payments on behalf of the associate. Where the Group transacts with an associate, unrealised profits are eliminated to the extent of the Group's interest in the associate. Unrealised losses are also eliminated, but only to the extent that there is no impairment.

### 3. REVENUE AND SEGMENT INFORMATION

An analysis of revenue from the Group's principal activities, which is also the Group's turnover, is as follows:

	Three months ended 30 June		Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
<b>Revenue from contracts with customers within the scope of HKFRS 15</b>				
Revenue from after-market automotive services				
Service income	2,184	2,483	4,910	5,585
Warranty income	66	408	209	712
	<b>2,250</b>	<b>2,891</b>	<b>5,119</b>	<b>6,297</b>
Automotive supply income	122	99	227	416
<b>Revenue from other sources</b>				
Car rental income	413	630	780	1,264
	<b>2,785</b>	<b>3,620</b>	<b>6,126</b>	<b>7,977</b>
<b>Disaggregation by timing of revenue recognition</b>				
Over time	2,250	2,891	5,119	6,297
Point in time	122	99	227	416
	<b>2,372</b>	<b>2,990</b>	<b>5,346</b>	<b>6,713</b>

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

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

- After-market automotive services – inspection, repair services and maintenance
- Car rental services – provision of car rental services
- Automotive supply business – supply of passenger car spare parts, accessories and automotive equipment

As the directors consider the Group's revenue (determined based on the location of customers) and results are all materially derived in Singapore and no material assets of the Group are located outside Singapore, geographical segment information is not considered necessary.

#### 4. OTHER INCOME AND GAINS

	Three months ended 30 June		Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
Government grants	440	11	471	53
COE & PARF encashment	-	-	15	-
Reversal of impairment for trade receivables (Note 13)	2	1	2	19
Others	-	92	27	119
	<b>442</b>	<b>104</b>	<b>515</b>	<b>191</b>

#### 5. FINANCE COSTS

	Three months ended 30 June		Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
Interest element of lease liabilities	65	84	131	177
Interest on bank borrowings	7	10	15	20
	<b>72</b>	<b>94</b>	<b>146</b>	<b>197</b>



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

	Three months ended 30 June		Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
(Loss)/Profit before income tax (expense)/credit is arrived at after charging/(crediting):				
Auditor's remuneration	17	11	35	22
Cost of inventories recognised as expenses	823	1,045	1,917	2,217
Depreciation of right-of-use assets	621	784	1,377	1,563
Depreciation of property, plant and equipment	71	72	153	169
Employee benefit expenses (including directors' emoluments)				
– Salaries, allowances and other benefits	840	1,094	1,936	2,205
– Contributions to defined contribution retirement plan	76	91	163	179
– Total	916	1,185	2,099	2,384
Impairment of right-of-use assets	–	–	170	–
Impairment of trade receivables (Note 13)	447	–	789	19
Reversal of impairment of trade receivables	(2)	(1)	(2)	(19)
Bad debts written off	1	–	1	–
Loss on disposal/write off of property, plant and equipment	–	–	2	–
Operating lease payments in respect of leased premises	127	66	176	116

## 7. INCOME TAX EXPENSE/(CREDIT)

	Three months ended 30 June		Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
Singapore				
Current tax				
– Current period	-	29	-	114
– Under provision in respect of prior period	-	2	-	13
Deferred tax				
– Current period	-	-	-	23
– Over provision in respect of prior period	-	-	(12)	-
	-	31	(12)	150

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the six months ended 30 June 2020 (2019: 17%).

## 8. DIVIDENDS

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## 9. (LOSSES)/EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

	Three months ended 30 June		Six months ended 30 June	
	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)	2020 SGD'000 (Unaudited)	2019 SGD'000 (Unaudited)
The basic and diluted (losses)/earnings per share for the period are calculated based on the following: (Loss)/Profit attributable to owners of the Company for the period	(438)	(84)	(1,123)	47
Weighted average number of ordinary shares in issue (Note)	850,000,000	600,000,000	850,000,000	600,000,000
Basic and diluted (losses)/earnings per share (SGD cents)	(0.05)	(0.01)	(0.13)	0.01

Note:

For the period ended 30 June 2020, the calculation of basic losses per share was based on the loss attributable to the owners of the Company and on the basis of the weighted average number of 850,000,000 ordinary shares in issue.

For the period ended 30 June 2019, the calculation of basic earnings per share was based on the profit attributable to the owners of the Company and 10,000,000 ordinary shares in issue and 590,000,000 ordinary shares to be issued pursuant to a capitalisation but before the placing of 250,000,000 new shares upon the subsequent listing of the Company's shares on 11 October 2019.

Diluted (losses)/earnings per share were the same as basic (losses)/earnings per share as there was no potential dilutive ordinary share in existence during the period ended 30 June 2020 and 2019.

## **10. PROPERTY, PLANT AND EQUIPMENT**

During the six months ended 30 June 2020, the Group acquired plant and equipment of approximately SGD0.2 million (six months ended 30 June 2019: SGD0.2 million) and disposed of plant and equipment of approximately SGD0.1 million (six months ended 30 June 2019: Nil). There is no write off of plant and equipment for the six months ended 30 June 2020 and 30 June 2019.

## **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 2020 (audited)	8,608	2,132	10,740	7,266
Additions	190	1,039	1,229	1,039
Depreciation expenses	(680)	(697)	(1,377)	-
Impairment	(170)	-	(170)	-
Interest expenses	-	-	-	131
Payments	-	-	-	(1,817)
<b>As at 30 June 2020 (unaudited)</b>	<b>7,948</b>	<b>2,474</b>	<b>10,422</b>	<b>6,619</b>
As at 1 January 2018 and 31 December 2018 (audited)	-	-	-	-
Effect of adoption of HKFRS 16 as at 1 January 2019	9,895	3,185	13,080	10,092
Additions	632	701	1,333	1,186
Depreciation expenses	(1,506)	(1,754)	(3,260)	-
Reclassification to property, plant and equipment	(179)	-	(179)	-
Impairment	(234)	-	(234)	-
Interest expenses	-	-	-	337
Payments	-	-	-	(4,349)
<b>As at 31 December 2019 (audited)</b>	<b>8,608</b>	<b>2,132</b>	<b>10,740</b>	<b>7,266</b>

With effect of HKFRS 16 on 1 January 2019, motor vehicles with net carrying amount of SGD9,895,000 were reclassified from property, plant and equipment as right-of-use assets, and finance lease obligations with net carrying amount of SGD6,907,000 were reclassified as lease liabilities. Another right-of-use assets and lease liabilities of leased properties for own use with net carrying amount of SGD3,185,000 were recognised as at 1 January 2019. The Group recognised rent expenses from short-term leases of Nil (six months ended 30 June 2019: SGD116,000) in profit or loss for the six months ended 30 June 2020.

During the six months ended 30 June 2020 management has identified impairment indicator on certain motor vehicles under right-of-use assets. 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. Accordingly, an impairment loss of SGD170,000 (six months ended 30 June 2019: Nil) was recognised in profit or loss for the six months ended 30 June 2020.

The remaining contractual maturities of the Group's lease liabilities as at 30 June 2020 and 31 December 2019 are as follows:

	As at 30 June 2020		As at 31 December 2019	
	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	2,753	2,972	3,653	3,861
After 1 year but within 2 years	2,600	2,898	2,637	2,718
After 2 years but within 5 years	1,264	1,097	976	1,000
After 5 years	2	2	-	-
	<b>3,866</b>	<b>3,997</b>	3,613	3,718
	<b>6,619</b>	<b>6,969</b>	7,266	7,579
Less: total future interest expense	-	(350)	-	(313)
Present value of lease liabilities	-	<b>6,619</b>	-	7,266

## 12. INTERESTS IN ASSOCIATES

	30 June 2020 SGD'000 (Unaudited)	31 December 2019 SGD'000 (Audited)
Share of net assets other than goodwill	778	–

Details of the Group's associates are as follows.

Name	Place of incorporation, operation and principal activity	Percentage of ownership interests/voting rights/ profit share
Absolute by Optima Werkz (Thailand) Co., Ltd.	repair and maintenance of motor vehicles including installation of parts and accessories in Thailand	40%
Optima Werkz Myanmar Services Co. Ltd.	repair and maintenance of motor vehicles including installation of parts and accessories in Myanmar	35%

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

On 30 January 2020, Optima Werkz Pte. Ltd., an indirect wholly-owned subsidiary of the Company, has entered into a joint venture agreement with Wealth Firm Holding Co., Ltd., an independent third party and a limited liability company incorporated in Thailand, to form and invest in a company in Thailand. The company named Absolute By Optima Werkz (Thailand) Co., Ltd. ("**ABOW**"). ABOW is a limited liability company incorporated in Thailand on 23 March 2020. Its principal activity is repair and maintenance of motor vehicles including installation of parts and accessories in Thailand.

On 7 December 2019, Optima Werkz Pte. Ltd., an indirect wholly-owned subsidiary of the Company, has entered into an acquisition agreement with Regal Werkz Pte. Ltd., an independent third party and a limited liability company incorporated in Singapore, to acquire 100% equity interest of Optima Werkz Myanmar Holdings Pte. Ltd. (“**OWMH**”), a limited liability company incorporated in Singapore, which held 35% equity interest in Optima Werkz Myanmar Services Co. Ltd. (“**OWMS**”) at a total consideration of approximately SGD2,500,000. OWMS is a limited liability company incorporated in Myanmar on 7 August 2017. OWMH held 35% equity interest in OWMS and its principal activity is repair and maintenance of motor vehicles including installation of parts and accessories in Myanmar.

These investments are in alignment with the Group’s repair and maintenance segment.

Summarised financial information of material associates, adjusted for any difference in accounting policies:

	Absolute by Optima Werkz (Thailand) Co., Ltd.		Optima Werkz Myanmar Services Co. Ltd.	
	30 June 2020 SGD’000 (Unaudited)	31 December 2019 SGD’000 (Audited)	30 June 2020 SGD’000 (Unaudited)	31 December 2019 SGD’000 (Audited)
Current assets	855	N/A	1,385	N/A
Non-current assets	2,130	N/A	738	N/A
Current liabilities	(548)	N/A	(500)	N/A
Non-current liabilities	(1,910)	N/A	(4)	N/A
Net assets	527	N/A	1,619	N/A
Group’s share of the net assets of the associate	211	N/A	567	N/A

	Six months ended 30 June 2020 SGD'000 (Unaudited)	Six months ended 30 June 2019 SGD'000 (Unaudited)	Six months ended 30 June 2020 SGD'000 (Unaudited)	Six months ended 30 June 2019 SGD'000 (Unaudited)
Revenue	295	–	1,047	–
(Loss)/Profit of the period	*	–	100	–
Other comprehensive income for the period	–	–	–	–
Total comprehensive income for the period	*	–	100	–

\* less than SGD1,000

### 13. TRADE AND OTHER RECEIVABLES

	30 June 2020 SGD'000 (Unaudited)	31 December 2019 SGD'000 (Audited)
Trade receivables	3,025	2,754
Less: impairment loss	(1,178)	(413)
Trade receivables, net	1,847	2,341
Contract assets	5	283
Deposits, prepayments and other receivables	754	2,119
	2,606	4,743
Categorised as:		
Current portion	2,458	3,595
Non-current portion	148	1,148
	2,606	4,743



Note:

As at 31 December 2019, included in deposits, prepayment and other receivables represented a refundable cash deposit of SGD1,000,000 for long-term investment. On 7 December 2019, Optima Werkz Pte. Ltd., an indirect wholly-owned subsidiary of the Company, has entered into an acquisition agreement with Regal Werkz Pte. Ltd., an independent third party and a limited liability company incorporated in Singapore, to acquire the entire equity interest of Optima Werkz Myanmar Holdings Pte. Ltd. (limited liability company incorporated in Singapore) which held 35% equity interest in Optima Werkz Myanmar Services Co. Ltd. (limited liability company incorporated in Myanmar), at a total consideration of approximately SGD2,500,000. A refundable cash deposit of SGD1,000,000 was paid in December 2019 upon signing of the agreement. The acquisition was completed on 15 May 2020.

The fair values of trade and other 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:

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
Within 30 days	576	386
31-60 days	349	366
61-90 days	324	73
91-180 days	297	1,197
181-365 days	159	176
Over 365 days	142	143
	<b>1,847</b>	<b>2,341</b>

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

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
Neither past due nor impaired	<b>253</b>	251
Past due but not impaired		
Less than 60 days	<b>742</b>	534
61-90 days	<b>324</b>	94
91-180 days	<b>256</b>	1,159
181-365 days	<b>130</b>	164
Over 365 days	<b>142</b>	139
	<b>1,594</b>	2,090
	<b>1,847</b>	2,341

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:

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
At beginning of period	413	210
Allowance for impairment	789	351
Reversal of impairment	(2)	(61)
Write off against allowance	(22)	(87)
	<hr/>	
At end of period	<b>1,178</b>	413

#### **Impairment of trade receivables**

As at 30 June 2020, total allowance of SGD1,117,000 (31 December 2019: SGD354,000) 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 SGD61,000 (31 December 2019: SGD59,000) was made against the gross amount of trade receivables as at 30 June 2020. Total bad debts of SGD1,000 (six months ended 30 June 2019: Nil) was written off directly to profit or loss for the six months ended 30 June 2020 (Note 6).

All contract assets and other receivables as at 30 June 2020 and 31 December 2019 were neither past due nor impaired.

#### **14. TRADE AND OTHER PAYABLES**

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
Trade payables (Note (a))	561	684
Other payables, accruals and deposits received	973	1,739
Contract liabilities (Note (b))	315	215
	<hr/>	
	<b>1,849</b>	2,638

- (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:

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
Within 30 days	320	339
31-60 days	107	241
61-90 days	123	90
Over 90 days	11	14
	<b>561</b>	<b>684</b>

- (b) **Movements in contract liabilities**

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
Balance as at beginning of period	215	-
Increase in contract liabilities as a result of advance payments made by customers	183	317
Decrease in contract liabilities as a result of recognising revenue during the year	(83)	(102)
Balance as at end of period	<b>315</b>	<b>215</b>

## 15. BANK BORROWINGS

	30 June 2020 SGD'000 (Unaudited)	31 December 2019 SGD'000 (Audited)
Secured and interest-bearing bank borrowings (Note (i))		
– Bank loans due for repayment within a year	168	169
– Bank loans due for repayment after a year (Note (ii))	558	641
	<b>726</b>	810
Categorised as:		
Current portion	168	169
Non-current portion	558	641
	<b>726</b>	810

### Notes:

- (i) Bank loans were interest bearing at floating rates. The interest rates of the Group's bank loans as at 30 June 2020 and 31 December 2019 granted under banking facilities ranged from 2.9% to 4.2% and 4.1% to 4.4% respectively per annum.
- (ii) As at 30 June 2020 and as at 31 December 2019, none of the portion of these bank loans due for repayment after one year which contain a repayment on demand clause and that are classified as current liabilities are expected to be settled within one year.
- (iii) Pursuant to the revised facility agreement dated 23 December 2019, it will be an event of default if Mr. Ang Lay Keong (Hong Liqiang) is (i) no longer beneficially owns at least 20% of the issued share capital of the Company and (ii) no longer the executive Director (or key appointment holder) up to 23 December 2021. In case of an event of default, the bank may by notice to the Company (a) cancel the loan facility, (b) declare that all or part of the loan, together with accrued interest, be immediately due and payable, and/or (c) declare that all or part of the loans be payable on demand. As at 30 June 2020, the Group's banking facilities were secured with a corporate guarantee provided by the Company. As at 31 December 2019, the Group's banking facilities were secured by personal guarantee of an executive Director of the Company and a second legal mortgage over a property of a shareholder.

As at 30 June 2020 and 31 December 2019, none of the covenants relating to drawn down facilities had been breached.

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

	<b>30 June 2020 SGD'000 (Unaudited)</b>	31 December 2019 SGD'000 (Audited)
On demand or within one year	<b>168</b>	169
More than one year, but not exceeding two years	<b>175</b>	179
More than two years, but not exceeding five years	<b>383</b>	462
More than five years	<b>–</b>	–
	<b>726</b>	810

## 16. SHARE CAPITAL

	30 June 2020		31 December 2019	
	HK\$'000 (Unaudited)	SGD'000 (Unaudited)	HK\$'000 (Audited)	SGD'000 (Audited)
Authorised:				
16,000,000,000 ordinary shares of HK\$0.01 each	<b>160,000</b>	<b>28,191</b>	160,000	28,191
Issued and fully paid:				
850,000,000 ordinary shares of HK\$0.01 each	<b>8,500</b>	<b>1,497</b>	8,500	1,497

## 17. BUSINESS ACQUISITION DURING THE PERIOD

On 15 May 2020, the Group acquired 100% equity interest of Optima Werkz Myanmar Holdings Pte. Ltd., a limited liability company incorporated in Singapore whose principal activity is investment holding which held 35% equity interest in Optima Werkz Myanmar Services Co. Ltd., a limited liability company incorporated in Myanmar whose principal activity is repair and maintenance of motor vehicles including installation of parts and accessories in Myanmar, from an independent third party at a total consideration of SGD2.5 million satisfied by cash. The acquisition was completed on 15 May 2020. The acquisition was made with the aims to expand the Group's existing scale of operation and enlarge the Group's market presence in overseas to diversify its country risk.

The provisional fair value of net assets of the acquiree as at the date of acquisition were:

	Notes	SGD'000 (Unaudited)
Interest in an associate		555
Cash and cash equivalents		6
Trade and other payables		(15)
<hr/>		
The provisional fair value of net assets acquired	(i)	546
Total consideration		2,500
<hr/>		
Goodwill arising on acquisition	(ii)	1,954
<hr/>		
Consideration satisfied by:		
Cash consideration		2,500
<hr/>		
Net cash outflow arising on acquisition:		
Cash consideration		(2,500)
Cash and bank balances acquired		6
<hr/>		
		(2,494)
<hr/>		

Notes:

- (i) As at the date of these unaudited condensed consolidated financial statements, the Group has not finalised the fair value assessments for the net identifiable assets and liabilities acquired from the acquisition due to the proximity of the transaction to the reporting date. The relevant fair values of the net assets acquired stated above are on a provisional basis.

- (ii) The goodwill of approximately SGD2.0 million, which is not deductible for tax purposes, comprises the acquired workforce and the value of expected synergies arising from the combination of the acquired business with the existing operations of the Group.
- (iii) The acquisition-related costs of approximately SGD5,000 have been expensed and are included in other expenses for the six months ended 30 June 2020.
- (iv) Since the acquisition date, Optima Werkz Mynamar Holdings Pte. Ltd., has contributed Nil and SGD12,000 to the Group's revenue and net profit respectively for the period from 15 May 2020 to 30 June 2020.

If the acquisition had occurred on 1 January 2020, the Group's revenue and net loss would have been SGD6.1 million and SGD1.1 million respectively.

This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2020, nor is it intended to be a projection of future performance.

## **18. EVENT AFTER THE REPORTING PERIOD**

The Group has the following significant event after the reporting period:

After the COVID-19 outbreak in early 2020, a series of precautionary and control measures have been and will continue to be implemented across Singapore. The Board is of the view that the ultimate impact of the virus on the Group's business is uncertain and beyond prediction as it will be highly dependent on the future development. The Board will closely and continuously monitor the situation and assess the COVID-19 outbreak's impact to the Group.



## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

The Group is a one-stop after-market automotive service provider in Singapore offering comprehensive and integrated automotive-related solutions to customers. The Group is principally engaged in the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services and also engaged in (i) offering short-term and long-term car rental services; and (ii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries (i.e. Sri Lanka and Myanmar). 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 coronavirus disease 2019 (“**COVID-19**”) outbreak has caused disruption to businesses and market uncertainties in affected regions and imposed a negative impact on economies. On a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy shrank by 41.2% in the second quarter of 2020 due to Circuit Breaker (“**CB**”) measures implemented by the Singapore Government from 7 April 2020 to 1 June 2020 which included the suspension of non-essential services and closure of most workplace premises to reduce the local transmission of COVID-19 in Singapore, as well as weak external demand amidst a global economic downturn precipitated by COVID-19.

The Group’s operation in Singapore was only allowed to open for emergency repairs services (as listed under Essential Services) on appointment basis during the CB period. Such measures led to extensive disruption to the normal operation of the Group in Singapore, and as a result, had an adverse impact on the Group’s after-market automotive services.

In the first quarter of 2020, the Group has terminated the car rental agreement with one of its major long-term car rental customers that were facing financial difficulties towards the end of year 2019 (the “**Termination**”). The Group has since started cooperating with other car-sharing and ride-hailing companies in Singapore in place of this customer. However, the COVID-19 outbreak has significantly reduced tourist arrivals and domestic travels, which had adversely affected the car-sharing and ride-hailing industry in Singapore. The Directors expect that it may require a longer period than usual for a recovery in the car rental services segment.

Sales of passenger car spare parts and accessories to overseas customers decreased by approximately 45.4% in the six months ended 30 June 2020 as compared to the six months ended 30 June 2019 due to the impact of the pandemic.

## OUTLOOK

Since the outbreak of the COVID-19, the Singapore government has taken emergency public health measures and various actions to prevent the spread of COVID-19. Such measures led to extensive disruption to the normal operation of the Group in Singapore, and as a result, had an adverse impact on the Group's financial performance.

The Group faced a challenging operating environment as business and consumer sentiments have turned cautious amidst an economic downturn. Many consumers continued to work from home and have tightened their expenditure on perceived non-essential spending.

The Group continues to strengthen its cost control measures substantially in order to mitigate the adverse impact from the COVID-19 outbreak. To date, the Group has implemented several initiatives, including salaries cut, work-shift rotation and negotiation with the landlord on rental rates, etc. In the third quarter of 2020, the Group intends to improve its operational efficiency and reduce costs further through a series of measures as follows:

- a) Consolidate the Tagore Service Centre into Serangoon Service Centre to improve business continuity and cost control amidst weak business outlook. The Group expects minimal disruption to its hoists capacity. The costs savings and benefits from the consolidation of the two service centres are expected to exceed the estimated costs for the move.
- b) Relocate the motor accident claims department (including hoists and machinery such as Car-O-Liner collision repair and wheel alignment systems) for insured repairs from the Serangoon Service Centre to a new location in the same vicinity as the paint workshop. This relocation will complete the Group's efforts to house its insured repair services in the same location to improve the car owners' experience and the efficiency of repairing cars involved in accidents which will typically need spray painting services. In addition, this will optimise and accommodate the relocation of the Tagore Service Centre.

On 31 July 2020, Shenzhen Aodi Taoche Automobile Trading Co., Ltd.\* (深圳傲迪淘車汽車貿易有限公司) ("**Shenzhen Aodi Taoche**"), a wholly-owned subsidiary of the Company, entered into a letter of intent for strategic cooperation (the "**Letter of Intent**") with Shenzhen Jintao Automobile Technology Co., Ltd.\* (深圳市金淘汽車科技有限公司) ("**Jintao Automobile**"). Pursuant to the Letter of Intent, Shenzhen Aodi Taoche and Jintao Automobile intend to make collaboration by leveraging on each other's advantages, and jointly develop the automobile e-commerce business in Mainland China by using Jintao Automobile's sales platform, Jinzheng Taoche\* (金證淘車), to supply automobile spare parts, accessories and equipment to customers in Mainland China with the view to exploring new business opportunities in the Mainland China market.

The Board believes that, if the transaction contemplated in the Letter of Intent materialises, the Group will leverage on the advantages, resources and expertise of Jintao Automobile to establish a stable and mutually beneficial strategic relationship with it in respect of the sales and development of automobile parts and related products in the Mainland China market, thus increasing the income sources of the Group, and therefore, such transaction is in the interests of the Company and its shareholders as a whole. For details, please refer to the announcement issued by the Company dated 31 July 2020.

The Group will continue to monitor the situation with the COVID-19 outbreak and the risks and uncertainties faced by the Group as a result thereof and make further updates by way of announcement(s) as and when required.

## **FINANCIAL REVIEW**

### **Revenue**

Revenue for the Group was approximately SGD6.1 million for the six months ended 30 June 2020 (“**PE2020**”) as compared approximately to SGD8.0 million for the six months ended 30 June 2019 (“**PE2019**”), a decrease of approximately SGD1.9 million. The decrease was mainly attributable to (i) lower revenue for after-market automotive services of approximately SGD1.2 million comprising a decrease in non-insured repair services of approximately SGD0.7 million and a decrease in warranty related business of approximately SGD0.5 million, (ii) decrease in car rental income of SGD0.5 million, and (iii) a decrease in sales of passenger car spare parts and accessories to overseas customers of approximately SGD0.2 million.

### **Cost of materials used**

In the three months ended 31 March 2020, the magnitude of the decrease in the cost of materials used was less than the decrease in revenue as the Group’s decrease in revenue included reduction in average servicing fee from promotions and discounts given to attract spending by customers and the lower spending by customers on non-essential services. Whereas, in the 3 months ended 30 June 2020, the magnitude of the decrease in cost of materials used was in line with the decrease in revenue. The average purchase prices of our cost of materials has remained relatively stable for PE2020.

## **Impairment of trade receivables**

The Group recorded an impairment of trade receivables of approximately SGD0.8 million on the trade receivables from customers affected by the economic effects brought on by COVID-19 and a long-term car rental customer due to the Termination.

## **Impairment of right-of-use assets**

The recoverable amount of the Group's right-of-use assets was impaired as a result of the effects of COVID-19 on the Singapore economy. Hence the Group has recorded an additional impairment of right-of-use assets amounting to approximately SGD0.2 million for PE2020.

## **Other expenses**

The increase in other expenses of approximately SGD0.1 million for the six months ended 30 June 2020 mainly due to (i) increase in insurance expenses for the fleet of rental vehicles amounting to approximately SGD0.1 million; and (ii) increase in professionals fees of approximately SGD0.3 million, offset by (i) a decrease in cost of services of approximately SGD0.1 million; and (ii) increase in exchange gain of SGD0.2 million.

## **Income tax (expense)/credit**

The income tax credit for PE2020 arised from the reversal of the over-provision of deferred tax expense of a subsidiary in the Group.

## **Listing expenses**

All listing expenses has been charged to the financial year ended 2019 upon the completion of the initial public offering of the shares of the Company on 11 October 2019.

## **Loss and total comprehensive income for the period**

The Group recorded a loss and total comprehensive income for PE2020 of approximately SGD1.1 million compared to a profit and total comprehensive income for PE2019 of approximately SGD47,000. The loss for the period was attributable to the combined effects of the decrease in revenue, increase in impairment of right-of-use assets and trade receivables.

## Dividend

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2020 (six months ended 30 June 2019: Nil).

## USE OF PROCEEDS

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

As at the date of this report, the unutilised Net Proceeds of approximately HK\$2.2 million (the “**Unutilised Net Proceeds**”) were deposited into the Group’s bank accounts, which are intended to be utilised in the manner as disclosed in the announcement of the Company dated 4 May 2020. Details of the use of the Net Proceeds and the expected timeline for the intended use of the Unutilised Net Proceeds are as follows:

Use of the Net Proceeds	Original allocation (HK\$ million)	Revised allocation of Net Proceeds as at 4 May 2020 (HK\$ million)	Utilised Net Proceeds up to 31 December 2019 (HK\$ million)	Utilised Net Proceeds		Expected timeline for the intended use
				during the six months ended 30 June 2020 (HK\$ million)	Unutilised Net Proceeds up to 30 June 2020 (HK\$ million)	
Expanding servicing capacity	5.5	–	–	–	–	–
Grow rental fleet	3.9	1.8	–	1.8	–	–
Strengthen service capabilities and operating efficiencies	2.3	2.3	–	0.3	2.0	1 July 2020 to 30 June 2021
Brand building	0.2	0.2	–	–	0.2	1 July 2020 to 30 June 2021
General working capital	1.3	8.9	–	8.9	–	–
	<b>13.2</b>	<b>13.2</b>	<b>–</b>	<b>11.0</b>	<b>2.2</b>	

The expected timeline for utilising of the unutilised proceeds is based on the Directors' best estimation without barring unforeseen circumstances, and would be subject to change based on the development of market conditions. The Company will continue to evaluate the plans for use of the Unutilised Net Proceeds and may revise or modify such plans where necessary against the changing market conditions to suit the business growth of the Group.

## **LIQUIDITY, FINANCIAL RESOURCES**

As at 30 June 2020, the cash and cash equivalents were approximately SGD3.2 million (31 December 2019: SGD6.3 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately SGD1.4 million and SGD10.6 million, respectively.

As at 30 June 2020, the Group's bank borrowings with maturity within one year amounted to approximately SGD0.2 million (31 December 2019: SGD0.2 million).

The gearing ratio of the Group, which was defined as total debt divided by total equity, was approximately 0.7 as at 30 June 2020 (31 December 2019: 0.7). Total debt includes all bank borrowings and lease liabilities. The net debt to equity of the Group, which was defined as total debt net of cash and cash equivalents divided by total equity, were 0.4 as at 30 June 2020 (31 December 2019: 0.1). The increase was mainly due to the decrease in the cash and cash equivalents 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 follow. 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.

<b>Principal Risks Identified</b>	<b>Description of the Principal Risks Identified</b>	<b>Mitigation of Risks</b>
<p>The Group's revenue is mainly derived from Singapore and the Group's sales performance is susceptible to changes in Singapore as well as the Singapore policies, its financial, social and economic environment.</p>	<p>The Group's local sales performance is susceptible to the following: The Group is subjected to the Singapore Government policies. In Singapore, the Government recently established a regulation to limit and tighten the Certificate of Entitlement quota by only replacing the number of de-registered vehicles on the road at most. Hence, with lesser number of vehicles on the road, the demand of our after-market automotive services may be materially and adversely affected. Moreover, the Group is reliant on a constant supply of experienced and skilled staff, such as service advisors and technicians. Of which, a large number of them 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, and thus affecting our business operations and profitability.</p>	<p>The Group has diversified its business into several service lines. For example, the loss in demand on after-market automotive services may gain from other service lines, such as car rental service and automotive supply service. In addition, the Group has and will continue to diversify its business outside of Singapore in order to minimize its reliance on the Singapore market.</p>

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
<p>Competition from other service centers, including those operated by car dealers and from other car rental companies could adversely affect the Group's operating results and financial performance if they decide to expand their service centres or lower the prices charged for the services.</p>	<p>In addition, social issues like the outbreak of the COVID-19 and the corresponding social measures put forth by the Singapore government, may lead to a decrease in the number of road users and hence a decrease in the demand for our rental or aftermarket services. In summary, any changes or developments in the economic, financial or social conditions in Singapore, which are outside our control, may affect the demand for our services and if there are any material adverse changes, our business and profitability may be materially and adversely affected.</p> <p>As the Singapore's passenger car inspection, maintenance and repair services industry is highly fragmented, the Group faces competition, in various aspects, such as number of service centres, convenience of the location of service centres, pricing, range of services and service quality, from other service centres, including those operated by car dealers. Similarly, competition among car rental companies is primarily based on, among other things, fleet size, brand recognition, price, variety and condition of the vehicles, variety of service offerings and quality of customer service. Hence, if other service centres or car rental companies expand their businesses or lower their prices, we may not be competitive against these competitors and may suffer from a decline in the demand for our services and our operating results and business performance may be materially and adversely affected.</p>	<p>The Group will continue to strengthen our services and product offerings while keeping abreast of potential competitor's pricing and strategies. We believe that if we continue to deliver value added and high quality customer services, we will be able to ensure higher customer retention in the long run.</p>



Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
<p>The Group placed reliance on its cooperation with a sole Insurer to provide after-market automotive services to customers who participate in the Insurer's motor warranty programme.</p>	<p>Any decrease or loss of business from the sole insurer or any adverse change (such as termination/replacement) in the Group's business relationship with the sole insurer could adversely and substantially affect the Group's operations, financial performance and expansion plans.</p>	<p>The Group has entered into an Exclusive Service Agreement with the sole insurer to act as its exclusive service provider for an exclusive period of six years commencing on 1 January 2017 to ensure long term business viability. Three months before the expiry of the term, both parties will hold discussion for the service agreement renewal. In addition, the exclusivity period may be extended by mutual consent at any time. Hence, the Group will facilitate the renewal or locate other insurer upon the expiry of the agreement.</p>
<p>Over-reliance on suppliers in supplying the car spare parts and accessories.</p>	<p>The Group does not manufacture any spare parts and accessories which we use and distribute. We purchase all spare parts and accessories from our suppliers. As such, if our suppliers significantly increase the prices of the products we require or terminate any rebate arrangement with us, we may not be able to find comparable alternative suppliers in a timely manner with similar price point. Moreover, shortages or delays in the supply of passenger car spare parts, accessories and consumables to the extent that we cannot procure them on acceptable terms from other sources in time will adversely affect our sales, profitability and customer relations. In addition, if there is any defect in such products, this may damage our reputation or the reputation of a particular supplier, and/or cause a disruption in supply. All of which may adversely affect our business and operations.</p>	<p>The Group engages with multiple suppliers to ensure that if one supplier channel is down, we will have other suppliers to purchase similar parts from. In addition, the Group engages in reviewing our suppliers at least once a year based on their price competitiveness, quality assurance, responsiveness and credibility.</p>

## **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 2020, 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.

## **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 2020. 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 2020 were principally denominated in Singapore dollar, and most of the assets and liabilities as at 30 June 2020 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 2020.

## **CAPITAL COMMITMENTS**

As at 30 June 2020, the Group has capital commitments of SGD Nil (31 December 2019: SGD1,500,000) contracted but not provided for.

## COMPARISON OF BUSINESS OBJECTIVES WITH ACTUAL BUSINESS PROGRESS

The following is a comparison of the Group's business objectives as set out in the Prospectus with the Group's actual business progress for the period from 1 January 2020 up to 30 June 2020:

### **Business Objectives up to 30 June 2020 as set out in the Prospectus**

Expanding servicing capacity

Strengthening service capabilities and operating efficiencies

Brand building through strengthening relationships with existing customers and expanding customer base

### **Actual implementation plan up to 30 June 2020**

The pandemic has badly affected the automotive industry in Singapore with consumers and corporate companies cutting back spending on non-essential services and products. The Directors have carefully evaluated the impact and has suspended the expansion plan due to market uncertainty.

The Directors has implemented cost control measures and initiatives like salaries cut and work-shift rotation to mitigate the adverse impact from the outbreak of Covid-19 in Singapore. With the suspension of the new service center, the planned recruitment of new employees will be postponed till further notice. The Group will continue to strengthen its service capabilities and operating efficiencies by retaining experienced employees. In addition, the Group has also postponed its plans related to its bulk purchasing strategy and upgrading of information technology and equipment to 1 July 2020 to 30 June 2021.

The Group will continue to expand the fleet servicing programme by promoting our services to car dealers and corporate vehicle fleet customers. The planned marketing and promotion activities are schedule for 1 July 2020 to 30 June 2021.

## Principal risks and uncertainties in achieving our business strategies

During the six months ended 30 June 2020, the Group faced certain risks and uncertainties in achieving our business strategies in accordance with the use of proceeds plan as set out in the Prospectus as follows:

- (1) When achieving our business plans, timing is of the essence. The Group may fail to grasp the business trend to determine the optimal time to hit the market; and
- (2) In an increasingly volatile and complex business environment, the Group may face change of consumer behavior and high competition when we launch our business plan.

In order to alleviate the above risks and uncertainties in achieving our business strategies, we will ensure that our business plans are as resilient as possible to meet these challenges based on the then market conditions. We will carefully look at the business trends as well to determine if there is a strong entrepreneurial environment for us to lean on.

The Company intends to utilise the net proceeds according to the section headed “Use of Proceeds” in the Report and based on the actual development of the Group’s business and the industry. All the unutilised balances have been placed as deposits with licensed banks in Singapore and Hong Kong.

The Directors regularly evaluate the Group’s business objective and may change or modify plans against the changing market conditions to ascertain the business growth of the Group. Accordingly, we will make further announcement as and when necessary if there is any such change or modification of plans.

## **CHARGES ON THE GROUP'S ASSETS**

As at 30 June 2020, the Group had completed the process to replace the personal guarantee and mortgage with a corporate guarantee by the Company as security over the bank borrowings; lease liabilities of motor vehicles were secured partly by a corporate guarantee by the Company and by personal guarantee of an executive Director of the Company and the underlying assets. The Group had initiated the process to replace the personal guarantee with a corporate guarantee provided by the Company. However, there had been a delay for the completion for some of the financial institutions due to the control measures implemented in response to the pandemic of COVID-19. The Group expects the process to be completed by the third quarter of year 2020.

## **CONTINGENT LIABILITIES**

As at 30 June 2020, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties (31 December 2019: Nil).

## **SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES**

During the six months ended 30 June 2020, 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**

Save as disclosed in the Prospectus, the Group does not have other plans for material investments and capital assets.

## **CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES**

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

## HUMAN RESOURCES

As at 30 June 2020, the Group had 90 employees (31 December 2019: 108 employees) with total staff cost of approximately SGD2.1 million incurred for the six months ended 30 June 2020 (31 December 2019: SGD5.6 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 2020.

### Change of Directors

With effect from 18 May 2020, Ms. Liang Weizhang has resigned as an independent non-executive Director of the Company in order to devote more time to her personal affairs and other business commitments. She confirmed that she has no disagreement with the Board and there are no other matters in relation to her resignation that needs to be brought to the attention of the Stock Exchange.

On the same date, Mr. Ong Kar Loon (Wang Jialun) has been appointed as an independent non-executive Director of the Company to replace Ms. Liang, and Ms. Nie Li has been appointed as an executive Director.

For details, please refer to the announcement issued by the Company dated 18 May 2020.

## OTHER INFORMATION

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

As at 30 June 2020, the interests and short positions of the Directors and the 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 (the "SFO")) which were 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 or short positions which they were 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

Name of Director	Capacity/ Nature of Interest	Number of Shares held	Approximate percentage of Shareholding <sup>(1)</sup>
Mr. Ang Lay Keong (Hong Liqiang) ("Mr. Ang") <sup>(2)</sup>	Interest in controlled corporation	378,798,000	44.56%
Ms. Lim Li Ling (Lin Liling) ("Ms. LL Lim") <sup>(3)</sup>	Interest of spouse	378,798,000	44.56%

Notes:

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

Save as disclosed above, as at the date of this report, none of the Directors or chief executive of the Company nor their associates have interests or short positions in any Shares, 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 2020, 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:

### **Long Positions**

<b>Name</b>	<b>Capacity/ Nature of Interest</b>	<b>Number of Shares held</b>	<b>Approximate percentage of Shareholding <sup>(1)</sup></b>
Red Link	Beneficial owner	378,798,000	44.56%
Ms. FF Lim <sup>(1)</sup>	Interest in a controlled corporation	378,798,000	44.56%
Mr. Ng Chee Keen ("Mr. Ng") <sup>(2)</sup>	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	48,450,000	5.70%



Notes:

- (1) The percentage has been compiled based on the total number of 850,000,000 Shares in issue as at the date of this report.
- (2) This represents the shares held by Red Link, a company that is beneficially owned Ms. FF Lim as to 54.70%. Therefore, Ms. FF Lim is deemed to be interested in all the Shares held by Red Link under the SFO.
- (3) Mr. Ng 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 the date of this report, the Directors are not aware of any substantial shareholder or 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 or any associated corporations" above) who have or are deemed to have interests or short positions in the Shares or underlying Shares of the Company which have to be disclosed to the Company under the provisions in 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 2020, 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 2020.

## SHARE OPTION SCHEME

The Company conditionally 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 2020. 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.

## 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 or any associated corporations” and “Share Option Scheme” above, at no time during the six months ended 30 June 2020 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 2020 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 2020 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. Other than the deviation from code provision A.2.1, the Company has since then adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner.

Pursuant to code provision A.2.1 of the CG Code, 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. Ang is currently performing these two roles. The Board believes that vesting the roles of both chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively.

The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Directors consider that throughout the period from the Listing Date 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.

## INTEREST OF THE COMPLIANCE ADVISER

In accordance with Rule 6A.19 of the GEM Listing Rules, the Company has appointed Orient Capital (Hong Kong) Limited (“**Orient Capital**”) as our compliance adviser. Save for the compliance adviser service agreement entered into between the Company and Orient Capital dated 28 June 2018, none of Orient Capital or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group as at 30 June 2020, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

## AUDIT COMMITTEE

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

The Audit Committee comprises of three independent non-executive directors, namely Mr. Tang Chi Chiu (“**Mr. Tang**”), Mr. Chu Kin Ming and Mr. Ong Kar Loon (Wang Jialun). The chairman is Mr. Tang, 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 2020 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 2020 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.

## EVENTS AFTER THE REPORTING PERIOD

For events after the period under review, please refer to Note 18 to the Unaudited Condensed Consolidated Financial Statements in 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**  
**Ang Lay Keong (Hong Liqiang)**  
*Chairman and Executive Director*

Singapore, 12 August 2020

*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) and Ms. Nie Li. The independent non-executive Directors are Mr. Chu Kin Ming, Mr. Tang Chi Chiu, and Mr. Ong Kar Loon (Wang Jialun).*

\* *For identification purposes only.*