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

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 8418

ANNUAL REPORT
2019

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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Ang Lay Keong (Hong Liqiang) *(Chairman and Chief Executive Officer)*
Ms. Lim Li Ling (Lin Liling)
Ms. Tan Peck Luan (Chen Biluan)
(resigned with effect from 28 February 2020)
Mr. Goh Duo Tzer (Wu Duoze)
(appointed with effect from 28 February 2020)

Independent Non-Executive Directors

Mr. Chu Kin Ming
Mr. Tang Chi Chiu
Ms. Liang Weizhang

AUDIT COMMITTEE

Mr. Tang Chi Chiu (Chairman)
Mr. Chu Kin Ming
Ms. Liang Weizhang

REMUNERATION COMMITTEE

Ms. Liang Weizhang (Chairlady)
Mr. Chu Kin Ming
Mr. Tang Chi Chiu

NOMINATION COMMITTEE

Ms. Liang Weizhang (Chairlady)
Mr. Ang Lay Keong (Hong Liqiang)
Mr. Chu Kin Ming

COMPLIANCE OFFICER

Ms. Tan Peck Luan (Chen Biluan)
(resigned with effect from 28 February 2020)
Mr. Goh Duo Tzer (Wu Duoze)
(appointed with effect from 28 February 2020)

COMPANY SECRETARY

Mr. Chan Tsang Mo, HKICPA

AUTHORISED REPRESENTATIVES

Ms. Tan Peck Luan (Chen Biluan)
(resigned with effect from 28 February 2020)
Mr. Goh Duo Tzer (Wu Duoze)
(appointed with effect from 28 February 2020)
Mr. Chan Tsang Mo, HKICPA

AUDITORS

BDO Limited
Certified Public Accountants:
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

Corporate Information

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

Chairman's Statement

Dear Shareholders,

On behalf of the board of Directors (the "**Board**"), I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2019.

The shares of the Company (the "**Shares**") were successfully listed (the "**Listing**") on GEM of the Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 11 October 2019 by way of public offer and placing (collectively, the "**Share Offer**"). The Group is principally engaged in the business of (1) after-market automotive services, with a focus on inspection, maintenance and repair services; (2) car rental services; and (3) supply of car spare parts, accessories and automotive equipment.

Revenue for the Group was S$16.6 million for the financial year ended 31 December 2019 ("**FY2019**"), as compared to S$18.0 million for the financial year ended 31 December 2018 ("**FY2018**"), a decrease of approximately S$1.4 million. The decrease was mainly attributable to lower revenue for after-market automotive services as a result of lower insured repair services revenue of approximately S$1.0 million. Further, the increase in sales of passenger car parts and accessories to the customers in Myanmar in FY2019 was offset by the decrease in supply of automotive equipment.

Moving forward, with the additional capital raised from the Share Offer, the Group will pursue the following key business strategies: (i) expanding the Group's servicing capacity; (ii) continuing to grow the Group's rental fleet to complement the Group's after-market automotive business; (iii) strengthening the Group's service capabilities and operating efficiencies; and (iv) brand building through strengthening the Group's relationships with its existing customers and expanding the Group's customer base.

However, the coronavirus disease 2019 ("**COVID-19**") outbreak in early 2020 which has caused disruption to businesses and market uncertainties in affected regions may further impose a negative impact on the economy. We anticipate a challenging operating environment ahead as business and consumer sentiments have turned cautious. While after-market automotive service revenue and vehicle rental revenue may be affected during periods of economic uncertainty as customers reduce their spending on non-essential services, the Group will continue to reach out to its existing customers through its marketing campaigns.

In light of a slowdown and uncertainty in the Singapore economy, the Group will adopt a cautious and prudent approach in the implementation of our expansion plans set out in the Prospectus.

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

Ang Lay Keong (Hong Liqiang)
Chairman and Executive Director

Hong Kong, 25 March 2020

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 provision of comprehensive after-market automotive services except spray painting services which shall be handled by our paint workshop.

As disclosed in the prospectus of the Company dated 27 September 2019 that was published on the website of the Stock Exchange (the "**Prospectus**"), in light of the expiry of the tenancy of the Upper Thomson Service Centre and the anticipated increase in market demand, the Group relocated the Upper Thomson Service Centre to a new premise with a larger floor area where the Group set up the Tagore Service Centre in order to accommodate more hoists and parking spaces in late August 2019.

After-market Automotive Services

In Singapore, the automotive industry was affected by both a decrease in the Certificate of Entitlement quota and a slower GDP growth, particularly in the retail sectors. This has impacted the Group's after-market automotive services business for both the insured and non-insured services as insurers tightened the claims on insured services arising from road accidents and warranty claims. Retail customers had also reduced spending on non-essential services.

To ensure a stable supply of customers, the Group has focused their efforts in the second half of the year on developing its fleet servicing program with car dealers and car rental companies in Singapore. The program has ensured customer retention through attractive rates and quality services.

Car Rental Services

The car rental services segment registered a slight increase in revenue as the utilization rate of our fleet improved to 96.4% in FY2019 from 92.9% in FY2018 as the demand for rental cars increase with more consumers meeting their transportation needs provided through ride hailing or car sharing services. The Group has continuously sourced for other car sharing and ride hailing companies in Singapore to expand its car rental services business throughout the year.

Automotive Supply Business

The Group registered an increase in sales of passenger car spare parts and accessories to the customers in Myanmar in FY2019. However, this increase in revenue was offset by decrease in revenue from supply of automotive equipment.

Management Discussion and Analysis

OUTLOOK

Moving forward, with the additional capital raised from the Share Offer, the Group will pursue the following key business strategies: (i) expanding the Group's servicing capacity; (ii) continuing to grow the Group's rental fleet to complement the Group's after-market automotive business; (iii) strengthening the Group's service capabilities and operating efficiencies; and (iv) brand building through strengthening the Group's relationships with its existing customers and expanding the Group's customer base.

However, the COVID-19 outbreak in early 2020 which has caused disruption to businesses and market uncertainties in affected regions may further impose a negative impact on the economy. We anticipate a challenging operating environment ahead as business and consumer sentiments have turned cautious. While revenue from after-market automotive service and car rental services may be affected during periods of economic uncertainty as customers reduce their spending on non-essential services, the Group will continue to reach out to its existing customers through its marketing campaigns.

In addition, 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 was facing financial difficulties towards the end of FY2019 (the "**Termination**"). The Group will source for other car sharing and ride hailing companies in Singapore to cooperate with in place of this customer. However, the COVID-19 outbreak has significantly reduced tourist arrivals and domestic travels, which had adversely affect the car sharing and ride hailing industry in Singapore. The Directors expect that it may require a longer period than usual to source for a suitable partner to rent the cars returned to the Group due to the Termination.

In light of a slowdown and uncertainty in the Singapore economy, the Group will adopt a cautious and prudent approach in the implementation of our expansion plans set out in the Prospectus.

FINANCIAL REVIEW

Revenue

Revenue for the Group was S$16.6 million for FY2019, as compared to S$18.0 million for FY2018, a decrease of approximately S$1.4 million. The decrease was mainly attributable to lower revenue for after-market automotive services as a result of lower insured repair services revenue of approximately S$1.0 million. Further, the Group increase in sales of passenger car spare parts and accessories to the customers in Myanmar in FY2019 was offset by the decrease in supply of automotive equipment.

Management Discussion and Analysis

Cost of materials used

Cost of materials decreased by approximately S$0.7 million or 12.4% from approximately S$5.3 million for FY2018 to approximately S$4.6 million for FY2019. This was mainly due to the more competitive pricing received from the Group's new vendors and the decrease in business volume in the provision of after-market automotive services.

Employee benefits expenses

The Group's employee benefits expense increased by approximately S$1.0 million from approximately S$4.6 million for FY2018 to approximately S$5.6 million for FY2019. This was mainly due to the interim bonus of approximately S$0.2 million paid to the employees for FY2019, accrual of final bonus and related provident fund contributions of approximately S$0.6 million for FY2019. There was no bonus paid for FY2018.

Operating lease payments in respect of leased premises

The Group's decrease in operating lease payments in respect of leased premises of approximately S$1.6 million was due to the adoption of HKFRS 16 "Leases" on 1 January 2019. Additional right-of-use assets of leased properties for own use with a net carrying amount of approximately S$3.2 million were recognised as at 1 January 2019 and were amortised on a straight-line basis and reflected in depreciation of right-of-use assets accordingly.

Income tax expense

The Group provided for income tax expense of S$0.2 million despite a loss before income tax expense due to non-tax deductible items. The income tax expense provided arise from subsidiaries incorporated in Singapore that are subjected to a tax rate of 17% on the profits arising in Singapore. The decrease in tax expense was in line with the decrease in profits of the Group as compared to FY2018.

Listing expenses

In preparation of the Share Offer, the Group incurred Listing expenses charged to the profit and loss of approximately S$2.0 million for FY2019, while the amount was approximately S$2.5 million for FY2018.

Loss and total comprehensive income for the year

The Group recorded a loss and total comprehensive income for FY2019 of approximately S$2.2 million compared to a loss and total comprehensive income for FY2018 of approximately S$0.3 million. The loss for the year was attributable to the combined effects of the decrease in after-market automotive services as a result of lower revenue from insured repair services, increase in employee-related expenses including the bonuses paid or declared for existing employees, increase in impairment of right-of-use assets and trade receivables and the recognition of non-recurring listing expenses.

LIQUIDITY, FINANCIAL RESOURCES

As at 31 December 2019, the cash and cash equivalents were approximately S$6.3 million (2018: S$3.0 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately S$3.8 million and S$11.7 million, respectively.

As at 31 December 2019, the Group's bank borrowings with maturity within one year amounted to approximately S$0.2 million (2018: S$0.2 million). The Shares were successfully listed on GEM of the Stock Exchange on 11 October 2019 (the "**Listing Date**").There has been no change in the capital structure of the Group since then to the date of this annual report. The capital structure of the Group only comprises ordinary Shares.

The gearing ratio of the Group, which was defined as total debt divided by total equity, were 0.7 as at 31 December 2019 (2018: 1.1). Total debt includes all bank borrowings, finance lease obligations and lease liabilities. The decrease in gearing ratio was mainly due to repayment of bank borrowing, finance lease obligations, lease liabilities and the increase in equity from the Share Offer in year ended 31 December 2019. 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 0.1 as at 31 December 2019 (2018: 0.7).

The Group's financial position has been further enhanced by the net proceeds of approximately HK$13.2 million obtained from the Listing in October 2019.

Treasury Policy

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout FY2019. The Group strives to reduce exposure to credit risk by performing ongoing credit assessments and evaluations of the financial status of its customers. To manage liquidity risk, the Board closely monitors the Group's liquidity position to ensure that the liquidity structure of the Group's assets, liabilities and other commitments can meet its funding requirements from time to time.

Management Discussion and Analysis

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's operations are subject to certain risks and the major ones that may have a material and adverse effect on the Group's business, financial conditions and results of operations are as 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.

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
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.	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.	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.

Management Discussion and Analysis

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
	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.	
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.	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.	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.

Management Discussion and Analysis

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
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.	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.	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.
Over-reliance on suppliers in supplying the car spare parts and accessories.	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.	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.

EXPOSURE TO CURRENCY RISK

The Group's income and expenditure during the year ended 31 December 2019 were principally denominated in Singapore dollar, and most of the assets and liabilities as at 31 December 2019 were denominated in Singapore dollar. The Group did not experience any material impact or difficulties in liquidity on its operations resulting from the fluctuation in exchange rate, and no hedging transaction or forward contract arrangement was made by the Group during the year ended 31 December 2019.

EXPOSURE TO CREDIT RISK

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances as set out in Note 33 to the consolidated financial statements.

The Group has a credit policy in place and the exposure to these credit risks is monitored on an ongoing basis. To minimise the credit risk, the Group has delegated teams responsible for determination of credit limits, credit approvals and monitoring procedures on credit quality of trade receivables and credit history of debtors. The Group may grant credit terms to its customers subject to detailed assessment of their background and payment history.

In addition, before accepting any customer requests for credit terms, our operation team will assess the potential customers' credit quality and define credit limits for them. Credit limits attributable to customers and credit terms granted to customers are reviewed regularly by our chief operating officer on an ongoing basis. Our operation team will evaluate customers' validity through ACRA Portal for customer's company details, including length of incorporation, activity status and bankruptcy record, paid-up share capital amount and annual filing records. The credit period granted to our customers was between 30 days to 90 days during the year ended 31 December 2019. We maintain strict control over our outstanding receivables to minimise credit risk. The Group typically does not require any collateral as security.

The Group applies the simplified approach to providing for expected credit losses ("**ECLs**") prescribed by HKFRS 9, which permits the use of lifetime expected credit losses provision for all trade receivables. To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics and the days past due. Expected loss rate of current trade receivables is assessed to be 0.1% (2018: 0.1%). The ECLs for trade receivables past due within 90 days is assessed to be 1% (2018: 1%) and within 180 days is assessed to be 2% (2018: 2%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 6% (2018: 5%) and over 365 days is assessed to be 12% (2018: 10%). The directors of the Company assessed and measured ECLs based on reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions as at 31 December 2019 and 2018. The directors assessed the risk or probability that a credit loss will occur by grouping different debtors of similar risk characteristics and taking into consideration the history of default that the amount of irrecoverable debts remained minimal and did not fluctuate significantly as at 31 December 2019 and 2018. Moreover, the Group's operations are solely conducted in Singapore and there has not been any significant adverse events which affected the economy of Singapore during the years ended 31 December 2019 and 2018 and it is expected that the future economic conditions of Singapore will continue to remain steady. The movement of loss allowance for these balances as at 31 December 2019 and 2018 is set out in Note 17.

Management Discussion and Analysis

EXPOSURE TO LIQUIDITY RISK

The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's non-derivative financial liabilities is set out in Note 33 to the consolidated financial statements.

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from bank borrowings, finance lease obligations and lease liabilities. These deposits and the borrowing bear interests at variable rates varied with the then prevailing market condition. Except as stated above, the Group has no other interest bearing assets and liabilities as at 31 December 2019, its income and operating cash flows are substantially independent of changes in variable interest rates.

SHARE CAPITAL

As at 31 December 2019, the Company's issued share capital was HK$8,500,000 and the number of its issued ordinary Shares was 850,000,000.

CAPITAL COMMITMENTS

As at 31 December 2019, the Group has capital commitments of SGD1,500,000 (2018: nil) contracted but not provided for the long-term investment with details set out in Note 29 to the consolidated financial statements.

SEGMENT INFORMATION

An analysis of the Group's revenue from operations and by geographical locations of customers is set out in Note 6 of the consolidated financial statements.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

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

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

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

CONTINGENT LIABILITIES

As at 31 December 2019, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties.

Management Discussion and Analysis

CHARGE ON GROUP'S ASSETS

As at 31 December 2019, the Group's bank borrowings were secured by personal guarantee of an executive director of the Company and a second legal mortgage over a property of a shareholder; lease liabilities of motor vehicles were secured 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 and mortgage with a corporate guarantee provided by the Company. However, there had been a delay due to the control measures implemented in response to the pandemic of COVID-19. The Group expects this issuance of corporate guarantee to be completed by the second quarter of year 2020.

HUMAN RESOURCES

As at 31 December 2019, the Group had 108 employees (2018: 106 employees) with total staff cost of approximately S$5.6 million incurred for the year ended 31 December 2019 (2018: S$4.6 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 year ended 31 December 2019.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019 (2018: nil).

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 the Listing Date up to 31 December 2019:

Business Objectives up to 31 December 2019 as set out in the Prospectus	Actual implementation plan up to 31 December 2019
Expanding servicing capacity	The Directors have carefully evaluated the market and delayed the expansion plan. In addition, the Directors are evaluating new potential sites for the new service center.

Business Objectives up to 31 December 2019 as set out in the Prospectus	Actual implementation plan up to 31 December 2019
Strengthening service capabilities and operating efficiencies	Due to the delay in setting up of the new service center, the planned recruitment of employees for the new service centre has been postponed to year 2020. The Group will continue to retain sufficient experienced employees and identify talented candidate to improve the value of the Group's human resources. In addition, the Group has postponed its plans related to its bulk purchasing strategy and upgrading of information technology and equipment.
Brand building through strengthening relationships with existing customers and expanding customer base	The Group has continued to expand the fleet servicing programme. During the period under review, the Group also launched a few sales and marketing promotions. Due to the delay in setting up of the new service centre, the planned marketing and promotion activities for the launch of our new service centre has been postponed to year 2020.

Principal risks and uncertainties in achieving our business strategies

During the year ended 31 December 2019, 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) The Group may fail to expand its customer base or find suitable locations to achieve our expansion plans;

(2) 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

(3) 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 "Future Plans and Use of Proceeds" in the Prospectus 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.

Management Discussion and Analysis

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.

USE OF PROCEEDS FROM THE LISTING

The Shares were listed on GEM on 11 October 2019 by way of public offer and the placing. The actual net proceeds from the Share Offer, after deducting commissions and expenses borne by the Company in connection with the Share Offer, were approximately HK$13.2 million (the "**Actual Net Proceeds**"), which were lower than the estimated figure as stated in the Prospectus and the Group's Third Quarter results announcement for the nine months ended 30 September 2019 on 8 November 2019 due to additional professional fees incurred in respect of the Share Offer. Thus, the Company intends to apply the Actual Net Proceeds in accordance with the proposed implementation plan as set out in the section headed "Future Plans and Use of Proceeds" in the Prospectus but with monetary adjustments to each implementation plans on a pro-rata basis. The table below sets out the adjusted allocation and the actual usage of the Actual Net Proceeds up to 31 December 2019.

	Adjusted allocation of the Actual Net Proceeds	Adjusted planned use of proceeds from the Listing Date up to 31 December 2019	Actual usage of the Actual Net Proceeds	Unused balance of the Actual Net Proceeds
	HK$ million	HK$ million	HK$ million	HK$ million
Expanding servicing capacity	5.5	4.1	–	5.5
Grow rental fleet	3.9	–	–	3.9
Strengthen service capabilities and operating efficiencies	2.3	1.7	–	2.3
Brand Building	0.2	0.2	–	0.2
Working capital and general corporate purpose	1.3	0.4	–	1.3
	13.2	6.4	–	13.2

The delay in utilisation of the net proceeds was mainly due to the delay in the Group's plan of expansion of its servicing capacity as a result of recent market climate. The Group will continue to apply the net proceeds according to the disclosure in the Prospectus. As at 31 December 2019, the unutilised portion of the proceeds of approximately HK$13.2 million was placed with licensed banks in Singapore and Hong Kong.

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Ang Lay Keong (Hong Liqiang) ("**Mr. Ang**"), aged 48, was appointed as the chairman and an executive Director and chief executive officer on 14 March 2018. He is primarily responsible for the overall business development and strategic planning of our Group and overseeing the performance and management of our Group. Mr. Ang is also one of our Controlling Shareholders and a member of the nomination committee of the Company (the "**Nomination Committee**"). He has about 25 years of experience in the automobile industry. Mr. Ang worked in Lim Tan Motor Pte. Ltd., a company whose principal business was automotive workshop, from July 1994 to June 2012 with the last position as a director and was responsible for managing the day-to-day operation of the car repair business. Mr. Ang founded Optima Werkz Pte. Ltd. ("**Optima Werkz**") in May 2012 and has been a director and the chief executive officer of Optima Werkz since 18 May 2012 and 21 June 2012 respectively. Mr. Ang has also been appointed as a director of Optima De Auto Pte. Ltd. ("**Optima De Auto**") and Optima Carz Pte. Ltd. ("**Optima Carz**") since 22 August 2013 and 24 October 2014 respectively. Mr. Ang was a director of Optima Werkz Myanmar Holdings Pte. Ltd. from July 2017 to December 2017.

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

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

Ms. Lim Li Ling (Lin Liling) ("**Ms. LL Lim**"), aged 46, was appointed as an executive Director on 27 June 2018. She joined our Group in June 2012. She is primarily responsible for human resources and administrative management of our Group. Before joining our Group, Ms. LL Lim served as the director of Lim Tan Motor Pte Ltd from January 1991 to May 2012 and was responsible for administrative duties. She has been working in Optima Werkz as the administrative director since June 2012 and has been responsible for overseeing administrative matters. Ms. LL Lim has also been appointed as the director of Optima Werkz International Pte Ltd since 23 September 2015. Ms. LL Lim obtained Singapore-Cambridge General Certificate of Education Normal (Academic) Level Examination in 1990 and Singapore-Cambridge General Certificate of Education (Ordinary Level) Examination in 1991.

Ms. Lim is the spouse of Mr. Ang.

Mr. Goh Duo Tzer (Wu Duoze) ("**Mr. Goh**"), aged 47, was appointed as an executive Director on 28 February 2020. He is the chief operating officer of our Group. He is primarily responsible for the day-to-day management of the affairs and activities of our Group. He has about 17 years of experience in the automobile industry.

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

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chu Kin Ming (朱健明) ("**Mr. Chu**"), aged 39, was appointed as an independent non-executive Director on 18 September 2019. He is a member of the audit committee of the Company (the "**Audit Committee**"), the remuneration committee of the Company (the "**Remuneration Committee**") and the Nomination Committee. Mr. Chu is currently an independent non-executive director in SK Target Group Limited, a company listed on GEM of the Stock Exchange (Stock code: 8427) since June 2017, an independent non-executive director in Kelfred Holdings Limited, a company listed on the Stock Exchange (Stock code: 1134) since June 2019, and an independent non-executive director in China Oil Gangran Energy Group Holdings Limited, a company listed on GEM of the Stock Exchange (Stock code: 8132) since February 2020. Currently, Mr. Chu is the company secretary of Sino-Life Group Limited, a company listed on GEM of the Stock Exchange (Stock code: 8296) since June 2019.

Mr. Chu has more than 16 years working experience in the accounting and company secretarial field. Mr. Chu served as a chief financial officer and company secretary of companies listed on the Stock Exchange.

Mr. Chu was admitted as a member of the Hong Kong Institute of Certified Public Accountants in July 2008. He was admitted to graduateship of the Institute of Chartered Secretaries and Administrators in February 2009 and was elected as an associate in April 2009. He was admitted as an associate of the Hong Kong Institute of Chartered Secretaries in April 2009. Mr. Chu was admitted as an associate of the Taxation Institute of Hong Kong in September 2010. He became a fellow member of The Association of Chartered Certified Accountants in December 2012.

Mr. Chu obtained a bachelor's degree in accountancy from the Hong Kong Polytechnic University in November 2003.

Mr. Tang Chi Chiu (鄧志釗) ("**Mr. Tang**"), aged 36, was appointed as an independent non-executive Director on 18 September 2019. He is the chairman of our Audit Committee and a member of our Remuneration Committee. He has been appointed as a director of TANDEM Groups Limited, TANDEM (HK) CPA Limited, TANDEM (HK) Professional Services Limited, TANDEM (HK) Corporate Services Limited and TANDEM (HK) Consulting Company Limited since December 2011 and v-Change (HK) Merchants Services Company Limited since August 2017, for which he is responsible for overall strategic planning. Mr. Tang is currently the company secretary of Union Asia Enterprise Holdings Limited, a company listed on GEM of the Stock Exchange (Stock code: 8173) since November 2019.

Biographical Details of Directors and Senior Management

Mr. Tang has over 11 years of experience in the field of accounting, auditing and company secretarial services. Mr. Tang was the chief financial officer of Man Shun Group (Holdings) Limited, from January 2017, a company listed on the Stock Exchange (Stock Code: 1746), he was later promoted to a executive director in February 2018 until his resignation in April 2019.

Mr. Tang graduated from City University of Hong Kong with a bachelor's degree in business administration, majoring in accountancy in November 2006. He further obtained a master of science degree majoring in finance from City University of Hong Kong in July 2016. Mr. Tang was admitted as a member of the Hong Kong Institute of Certified Public Accountants in February 2011. Mr. Tang is currently a practising member of the Hong Kong Institute of Certified Public Accountant in Hong Kong.

Ms. Liang Weizhang（梁偉章）(“**Ms. Liang**”), aged 48, was appointed as an independent non-executive Director on 18 September 2019. She is the chairlady of our Remuneration Committee and the Nomination Committee. She is also a member of our Audit Committee. Ms. Liang is currently working in Zhongshan Shengshi Business Development Co., Limited（中山市聖獅商業發展有限公司）as a general manager since January 2017 and has been responsible for the overall operational business management.

From July 2012 to December 2016, Ms. Liang worked in Jianhua Concrete Pile Group-（建華建材投資有限公司）as a deputy director of financial centre. She had been working in the Bank of Communications Zhongshan Branch from July 1993 to June 2012 with her last position as manager of credit management department.

Ms. Liang obtained an associate degree from Sun Yat-sen University, Sun Yat-sen School（孫文學院）, majoring in Chinese Secretary. In November 2002, she obtained the title of middle-level Economist in Finance and Economics awarded by the Ministry of Personnel of the People's Republic of China. In February 2006, she obtained a diploma and bachelor degree from the Network Education Institute of South China Normal University, majoring in Chinese language and literature.

Senior Management

Ms. Tan Peck Luan (Chen Biluan) (“**Ms. Tan**”), aged 46, is the chief financial officer and joined our Group in December 2017. She is primarily responsible for overseeing the financial management, accounting operations, and regulatory compliance of our Group. She has about 26 years of experience in the fields of accounting and auditing.

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

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

Mr. Lee Tien Yen, aged 49, is the head service advisor of our Group. He is primarily responsible for customer service. He has about five years of experience in the automobile industry. From December 2007 to January 2009, Mr. Lee worked as a sales manager in Car Kingdom and was responsible for customer service and sales. He worked as a district sales director in HSR International Realtors Pte Ltd from December 2009 to July 2015 and was responsible for sales. Since March 2015, he has been working in Optima Werkz as a car service advisor and has been responsible for customer service.

Mr. Lew Chuen Hui Rick, aged 42, is the operations manager of our Group. He is primarily responsible for assisting chief operating officer in day-to-day management of the affairs and activities of our Group. He has over 17 years of experience in the automobile industry. From April 2002 to September 2005, Mr. Lew worked in Motorway Credit Pte Ltd as a sales executive in the Mitsubishi Department. He worked in Mazda Motor (S) Pte Ltd as a sales consultant from October 2005 to July 2007. From September 2007 to July 2013, Mr. Lew worked in Georg Grotjahn (S) Pte Ltd as a senior sales executive. From August 2013 to August 2016, he has been working in Optima Werkz as an automotive service advisor and was responsible for customer service and sales operations. He was promoted to be the operations manager since September 2016 and has been primarily responsible for assisting chief operating officer in day-to-day management of the affairs and activities of Optima Werkz.

Biographical Details of Directors and Senior Management

COMPANY SECRETARY

Mr. Chan Tsang Mo (陳增武) ("**Mr. Chan**"), aged 35, was appointed as a company secretary (the "**Company Secretary**") of our Company on 29 May 2018. Mr. Chan has about 12 years of experience in the area of accounting and financial management. Mr. Chan is currently the respective director of Morton Professional Services Limited and Synergy Morton Corporate Services Limited and is responsible for advising on company incorporation, business establishment and legal compliance. Currently, Mr. Chan is the company secretary of China International Development Corporation Limited (formerly known as Ascent International Holdings Limited), a company listed on the Stock Exchange (Stock code: 264) since February 2018.

Mr. Chan worked as a financial controller in Wan Cheng Metal Packaging Company Limited, a company listed on GEM of the Stock Exchange of Hong Kong (Stock code: 8291) from May 2016 to October 2017. He worked as an accounting manager in Reignwood International Investment (Group) Co., Ltd from October 2013 to April 2016. Mr. Chan worked as a finance director in Ares Asia Limited, a company listed on the Stock Exchange of Hong Kong (Stock code: 645) from June 2014 to March 2016. He worked as a project manager in GC Management Services Company Limited from June 2013 to October 2013. Mr. Chan worked as a senior auditor in RSM Nelson Wheeler and BDO Limited from December 2009 to June 2011 and January 2008 to December 2009 respectively. He worked in Ronald Ng & Company Limited from June 2006 to January 2008 with his last position as an audit semi-senior.

Mr. Chan obtained a bachelor of business administration degree, majoring in accounting from City University of Hong Kong in November 2006. Mr. Chan is currently a practicing certified public accountant under the Hong Kong Institute of Certified Public Accountants.

Mr. Chan does not act as an individual employee of our Company, but as an external service provider in respect of the appointment of Mr. Chan as the company secretary of the Company. Pursuant to paragraph F.1.1 of the Corporate Governance Code (the "**CG Code**") and Corporate Governance Report as set out in Appendix 15 of the GEM Listing Rules, an issuer can engage an external service provider as its company secretary, provided that the issuer should disclose the identity of a person with sufficient seniority at the issuer whom the external provider can contact. In this respect, the company has nominated Mr. Goh of the Company as its contact point for Mr. Chan.

Corporate Governance Report

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2019.

CORPORATE GOVERNANCE PRACTICES

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

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

In the opinion of the Board, other than the deviation from code provision A.2.1 (as disclosed in the paragraph headed "A.3 Chairman and Chief Executive" below) and C.2.5, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules during the from the Listing Date up to the date of this annual report.

Under Code Provision C.2.5 of the CG Code, the Group should have an internal audit function. The Group conducted an annual review on the need for setting up an internal audit department. Given the Group's simple operating structure, instead of setting up an internal audit department, the annual review on the risk management and internal control systems of the Group has been conducted by a professional third party and reported to the members of the Audit Committee. The review covered material controls, including financial, operational and compliance controls and risk management functions of the Group. The Board is of the view that appropriate measures have been put in place to manage the risks and no major issue was raised for improvement during the review.

Key corporate governance principles and practices of the Company are summarised below.

A. THE BOARD

A.1 Responsibilities and Delegation

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

Corporate Governance Report

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

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

The Board is also responsible for, among others, performing the corporate governance duties as set out in the code provision D.3.1 of the CG Code, which include:

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

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

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

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

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

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

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

A.2 Board Composition

The Board comprised the following Directors during the year ended 31 December 2019 and up to the date of this annual report:

Executive Directors
Mr. Ang (Chairman and Chief Executive Officer)
Ms. LL Lim
Ms. Tan (resigned with effect from 28 February 2020)
Mr. Goh (appointed with effect from 28 February 2020)

Independent Non-executive Directors
Mr. Chu (appointed on 18 September 2019)
Mr. Tang (appointed on 18 September 2019)
Ms. Liang (appointed on 18 September 2019)

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

During the period from the Listing Date to 31 December 2019, the Board has at all times met the requirements of the GEM Listing Rules relating to the appointment of at least three INEDs with at least one of them possessing appropriate professional qualifications and accounting and related financial management expertise as required under the GEM Listing Rules.

The participation of INEDs in the Board brings a diverse range of expertise, skills and independent judgment on issues relating to the Group's strategies, performance, conflicts of interests and management process to ensure that the interests of all Shareholders have been duly considered. Each of the INEDs has confirmed in writing his/her independence to the Company pursuant to Rule 5.09 of the GEM Listing Rules and the Board considers that all the INEDs are independent.

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

Corporate Governance Report

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

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

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

A.3 Chairman and Chief Executive

The Company had complied with the code provisions in the CG Code.

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

Code Deviation

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 enabling 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.

A.4 Appointment and Re-election of Directors

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

At each annual general meeting (the "**AGM**") of the Company, one-third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an AGM at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself/herself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment and so that as between persons who became or were last re-elected Directors on the same day those to retire shall (unless they otherwise agree among themselves) be determined by lot. There are no provisions relating to retirement of Directors upon reaching any age limit.

Pursuant to the aforesaid provisions of the articles of association of the Company (the "**Articles of Association**"), one-third of the Company shall retire at the AGM and, being eligible, will offer themselves for re-election at the meeting. The Company's circular, sent together with this report, contains detailed information of all retiring Directors pursuant to the GEM Listing Rules.

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

A.5 Induction and Continuous Professional Development for Directors

Pursuant to Code Provision A.6.5 of the CG Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills as to ensure that their contribution to the Board remains informed and relevant.

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

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

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

	Attending training seminars/induction training	Reading materials
Executive Directors		
Mr. Ang (Chairman and Chief Executive Officer)	✓	✓
Ms. LL Lim	✓	✓
Ms. Tan (resigned with effect from 28 February 2020)	✓	✓
Mr. Goh (appointed with effect from 28 February 2020)	✓	✓
Independent Non-Executive Directors		
Mr. Chu	✓	✓
Mr. Tang	✓	✓
Ms. Liang	✓	✓

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

A.6 Board Meetings

A.6.1 Board Practices and Conduct of Meetings

Pursuant to Code Provision A.1.1 of the CG Code, the Board should meet regularly and Board meetings should be held at least four times a year for reviewing and approving financial statements, operating performance, budgets, rules and regulations, announcements and circulars issued by the Company and considering and approving the progress of the various on-going projects, the overall strategies and policies of the Company. Additional meetings would be arranged if and when required. Annual meeting schedules of each meeting of the Board and for the Audit Committee, Nomination Committee and Remuneration Committee of the Company (the "**Board Committees**") are normally made available to Directors and members in advance. Board members are provided with all agenda and adequate information for their review at least 14 days before the meetings. The Board and Board Committees members are supplied with comprehensive meeting papers and relevant materials within a reasonable period of time in advance of the intended meeting date (in any event no less than 3 days before the date of the meeting). All Directors and the Board Committees members are given opportunities to include matters in the agenda for regular Board and Board Committees meetings and/or their meetings, if required. To facilitate the decision-making process, the Directors and the Board Committees members are free to have access to the management for enquiries and to obtain further information, when required.

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

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

A.6.2 Directors' Attendance Records

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

During the period from Listing Date to the date of this annual report, the Board convened 2 full Board meetings. The attendance of each Director is as follows:

	Number of meetings attended/eligible to attend			
	Board	Remuneration Committee	Audit Committee	Nomination Committee
Executive Directors				
Mr. Ang (Chairman and Chief Executive Officer)	2/2	N/A	N/A	1/1
Ms. LL Lim	2/2	N/A	N/A	N/A
Ms. Tan (resigned with effect from 28 February 2020)	1/1	N/A	N/A	N/A
Mr. Goh (appointed with effect from 28 February 2020)	1/1	N/A	N/A	N/A
Independent Non-Executive Directors				
Mr. Chu	2/2	1/1	2/2	1/1
Mr. Tang	2/2	1/1	2/2	N/A
Ms. Liang	2/2	1/1	2/2	1/1

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

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

B. BOARD COMMITTEES

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

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

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

B.1 Remuneration Committee

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

The Remuneration Committee consists of three independent non-executive Directors, namely, Mr. Chu, Mr. Tang and Ms. Liang. Ms. Liang currently serves as the chairlady of the Remuneration Committee.

Pursuant to the code provision B.1.5 of the CG Code, the remuneration of the members of the Board and the senior management by band for the year ended 31 December 2019 is set out below:

In the band of	Number of Individuals
Nil to HK$1,000,000	1
HK$1,000,001 to HK$2,000,000	4
Over HK$2,000,000	0

Details of the remuneration of each Director and the 5 individuals with the highest emoluments in the Group for the year ended 31 December 2019 are set out in Note 12 to the consolidated financial statements, respectively, contained in this annual report.

The members of the Remuneration Committee should meet at least once a year. During the period from Listing Date to the date of this annual report, the individual attendance records of each Director at the meeting of the Remuneration Committee is set out on page 30 of this annual report.

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

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

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

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

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

B.2 Audit Committee

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

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

The members of the Audit Committee should meet at least four times a year to consider quarterly report, interim report and annual report prepared by the Board and meet the external auditors at least once a year. During the period from Listing Date to the date of this annual report, the individual attendance records of each Director at the meeting of the Audit Committee is set out on page 30 of this annual report.

Up to the date of this annual report, the Audit Committee met 2 times, of which 2 of the meetings was also with the presence of the senior management of the Company and performed the following major tasks:

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

– Review and discussion of the risk management and internal control system of the Group; and

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

During the year ended 31 December 2019, the fee paid/payable to auditor in respect of audit service and/or non-audit services provided by the auditor to the Group were as follows:

Nature of services	**2019**	2018
	S$'000	S$'000
Audit services	**70**	40
Initial public offering	**285**	252
Interim review	**–**	–

There is no disagreement between the Board and the Audit Committee regarding the re-appointment of external auditor.

B.3 Nomination Committee

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

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

– Review and discussion of the existing structure, size and composition of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements for the business of the Group;

– Assessment of the independence of the existing INEDs;

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

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

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

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

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

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

The Nomination Committee consists of one executive Director, and two independent non-executive Directors, namely Mr. Ang, Mr. Chu and Ms. Liang. Ms. Liang currently serves as the chairlady of the Nomination Committee.

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

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

– In designing the Board's composition, Board diversity has been considered from a number of aspects, including but not limited to skills, regional and industry experience, background, race, gender and other qualities; and

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

The members of the Nomination Committee should meet at least once a year where appointment of the Directors will be considered. During the period from Listing Date to the date of this annual report, the individual attendance records of the each Nomination Committees at the meeting of the Nomination Committee is set out on page 30 of this annual report.

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

C. 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 its compliance adviser. Pursuant to Rule 6A.23 of the GEM Listing Rules, the Company will consult with and, if necessary, seek advice from its compliance adviser on a timely basis in the following circumstances:

– before the publication of any regulatory announcement, circular or financial report;

– where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

– where the Company proposes to use the proceeds of the initial public offering in a manner different from that detailed in the prospectus or where the business activities, developments or results of the Company deviate from any forecast, estimate or other information in the Prospectus; and

– where the Stock Exchange makes an inquiry of the Company under Rule 17.11 of the GEM Listing Rules.

The term of appointment of the compliance adviser of the Company shall commence on the Listing Date and end on the date on which the Company complies with Rule 18.03 of the GEM Listing Rules in respect of the financial results for the second full financial year commencing after the Listing Date or until the agreement is terminated, whichever is earlier.

D. COMPANY SECRETARY

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

Mr. Chan Tsang Mo was appointed as the Company Secretary on 29 May 2018. For details of Mr. Chan Tsang Mo's qualifications, please refer to the section headed "Biographical Details of Directors and Senior Management" of this report. Mr. Chan Tsang Mo's primary contact person in the Company is Mr. Goh, executive Director and chief operating officer of the Company. Mr. Chan Tsang Mo has complied with all the required qualifications, experiences and training requirements under the GEM Listing Rules. For the year ended 31 December 2019, Mr. Chan Tsang Mo complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training.

E. COMPLIANCE OFFICER

Ms. Tan, a previous executive Director, was the compliance officer of the Company until 28 February 2020. On 28 February 2020, Ms. Tan resigned as an executive Director and ceased to be the compliance officer of the Company.

Mr. Goh was appointed as an executive Director and the compliance officer of the Company with effect from 28 February 2020.

For details of Ms. Tan and Mr. Goh's background and experience, please refer to the section headed "Biographical Details of Directors and Senior Management" of this annual report.

F. DIRECTORS' AND AUDITOR'S RESPONSIBILITIES FOR CONSOLIDATED FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the consolidated financial statements of the Group for the year ended 31 December 2019, which give a true and fair view of the state of affairs, results and cash flows of the Group and are in compliance with the relevant accounting standards and principles, applicable laws and disclosure provisions required of the GEM Listing Rules.

As at 31 December 2019, the Board was not aware of any material uncertainties relating to events or conditions that might cast significant doubt upon the Group's ability to continue as a going concern. Therefore the Directors continue to adopt the going concern approach in preparing the consolidated financial statements.

The responsibilities of the Group's external auditors, BDO Limited, on the Company's consolidated financial statements are set out in the Independent Auditor's Report on pages 54 to 58 of this Annual Report.

G. CORPORATE GOVERNANCE FUNCTIONS

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

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

H. DIRECTORS' SECURITIES TRANSACTIONS

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

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

No incident of non-compliance of the Required Standard of Dealing and/or the Inside Information Policy by such relevant employees was noted by the Company from the Listing Date up to the date of this annual report.

I. RISK MANAGEMENT AND INTERNAL CONTROLS

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

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

The Audit Committee reviewed the internal control review report issued by the independent consultancy company and the Company's risk management and internal control systems in respect of the year ended 31 December 2019 and considered that they are effective and adequate. The Board assessed the effectiveness of internal control systems by considering the internal control review report and reviews performed by the Audit Committee and concurred the same.

The Group has yet to establish its internal audit function during the year ended 31 December 2019 as required under CG Code C.2.5. The Audit Committee and the Board, has considered the internal control review report prepared by an independent consultancy company in respect of any material control deficiencies identified during the course of the financial statement audit to form the basis to review the adequacy and effectiveness of the Group's risk management and internal control systems. The Audit Committee and the Board will continue to review the need for an internal audit function on an annual basis.

There is currently no internal audit function within the Group. The Directors have reviewed the need for an internal audit function and are of the view that in light of the size, nature and complexity of the business of the Group, it would be more cost effective to appoint external independent professionals to perform internal audit function for the Group in order to meet its needs. Nevertheless, the Directors will continue to review at least annually the need for an internal audit function.

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

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

– Develop necessary measures to manage those risks; and

– Monitor and review the effectiveness of such measures.

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

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

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

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

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

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

The Board reviewed that the risk management and internal control system adopted by the Group for the year ended 31 December 2019 and considered that it was effective.

J. PROCEDURES AND INTERNAL CONTROL FOR HANDLING AND DISSEMINATION OF INSIDE INFORMATION

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

Handling of Inside Information

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

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

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

Dissemination of Inside Information

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

K. INVESTOR RELATIONS

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

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

The forthcoming annual general meeting of the Company will be held on Monday, 11 May 2020 (the "**2020 AGM**"), the notice of which shall be sent to the Company's shareholders in accordance with the Articles of Association of the Company, the GEM Listing Rules and other applicable laws and regulations.

L. SHAREHOLDERS' RIGHTS

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

Shareholders holding not less than one-tenth of the paid-up capital of the Company may deposit a requisition to convene an EGM and state the purpose therefore to the Board or the Company Secretary.

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

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

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

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

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

M. COMMUNICATION WITH SHAREHOLDERS

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

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

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

(c) corporate information is made available on the Company's website;

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

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

N. INSIDE INFORMATION

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

O. CONSTITUTIONAL DOCUMENTS

Since the Listing, there was no amendment in the constitutional documents of the Company. The Articles of Association of the Company are available on the websites of GEM of the Stock Exchange and of the Company.

Directors' Report

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

PRINCIPAL ACTIVITIES

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).

BUSINESS REVIEW

The review of the business of the Group during the year and the discussion on the Group's future business development are set out in the sections headed "Chairman's Statement" and "Management Discussion and Analysis", and the description of the principal risks and uncertainties facing the Group and key financial performance indicators are set out in the section headed "Management Discussion and Analysis". The financial risk management objectives and policies of the Group are set out in note 33 to the consolidated financial statements. No important event affecting the Group has occurred since the Listing Date up to the date of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the four years is set out in the financial summary on page 134 of this report. This summary does not form part of the audited consolidated financial statements.

RESULTS AND DIVIDENDS

The results of the Group for the year ended 31 December 2019 and the financial position of the Company and of the Group at that date are set out in the consolidated financial statements on pages 59 to 133 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2019.

REVENUE

An analysis of the Group's revenue for the year ended 31 December 2019 is set out in note 7 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

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

Directors' Report

SHARE CAPITAL

Details of the Company's share capital is set out in note 23 to the consolidated financial statements.

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

RESERVES

Details of movements in the reserves of the Company and the Group are set out in note 24 to the consolidated financial statements and in the consolidated statement of changes in equity respectively.

RELATED PARTY TRANSACTIONS AND CONNECTED TRANSACTIONS

Details of the significant related party transactions entered by the Group during the year ended 31 December 2019 are set out in note 30 to the consolidated financial statements. To the best knowledge of the Directors, none of these related party transactions constitute connected transactions that need to be disclosed under the GEM Listing Rules.

PRE-EMPTIVE RIGHTS

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

DISTRIBUTABLE RESERVES

As at 31 December 2019, the Group's reserves available for distribution to owners comprising share premium account less retained profits, amounted to approximately S$6.7 million.

DIVIDEND POLICY

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2019, the revenue attributable to the Group's largest customer and five largest customers accounted for approximately 11.4% and 30.3% of the Group's total revenue, respectively.

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

During the year ended 31 December 2019, the cost attributable to the Group's largest suppliers and five largest suppliers accounted for approximately 16.2% and 38.4% of the Group's total cost, respectively.

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

DIRECTORS

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

Executive Directors
Mr. Ang (Chairman and Chief Executive Officer)
Ms. LL Lim
Ms. Tan (Resigned with effect from 28 February 2020)
Mr. Goh (Appointed with effect from 28 February 2020)

Independent Non-executive Directors
Mr. Chu (Appointed on 18 September 2019)
Mr. Tang (Appointed on 18 September 2019)
Ms. Liang (Appointed on 18 September 2019)

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

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

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

PERMITTED INDEMNITY PROVISION

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

As at the date of this report, the Company has taken out Directors' and officers' liabilities insurance which provides appropriate coverage for the Directors.

Directors' Report

DIRECTORS' SERVICE CONTRACTS

Each of Mr. Ang and Ms. LL Lim, being the executive Directors, has entered into a service agreement with the Company for an initial term of three years commencing from the Listing Date. Mr. Goh, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 28 February 2020. Each of the service contract shall continue unless and until it is terminated by either party giving not less than three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

Each of Mr. Chu, Mr. Tang and Ms. Liang, being the independent non-executive Directors, has entered into a letter of appointment with the Company for an initial term of three years commencing from the Listing Date and shall continue thereafter unless terminated by either party giving at least three months' prior notice in writing and is subject to termination provisions therein and retirement and re-election at the annual general meetings of the Company in accordance with the Articles of Association or any other applicable laws from time to time whereby he/she shall vacate his/her office.

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

EMOLUMENT POLICY

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

EMOLUMENTS OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

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

CONTRIBUTIONS TO THE RETIREMENT BENEFITS SCHEME

The Group participates in the Central Provident Fund prescribed by the Central Provident Fund Act (Chapter 36 of the laws of Singapore) and have made the relevant contributions in accordance with the aforesaid laws and regulations. Save as the aforesaid, the Group has not participated in any other pension scheme(s).

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

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

MANAGEMENT CONTRACTS

As at 31 December 2019, the Company did not enter into or have any management and administration contracts in respect of the whole or any principal business of the Company.

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

As at 31 December 2019, the interests and short positions of the Directors and chief executive of the Company or any of their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which are required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

Long Positions

Name of Director	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of Shareholding (1)
Mr. Ang (2)	Interest in controlled corporation	378,798,000	44.56%
Ms. LL Lim (3)	Interest of spouse	378,798,000	44.56%

Notes:

(1) The percentage has been complied 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.

Directors' Report

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 or underlying Shares and/or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions in which they are taken or deemed to have under such provisions of the SFO) or that are required to be recorded in the register kept by the Company pursuant to section 352 of the SFO, or which are required to be notified to the Company and the Stock Exchange, pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

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

As at 31 December 2019, so far as the Directors are aware, the persons/entities (other than Directors or chief executive of the Company) who have interests and short positions in the Shares and underlying Shares of the Company which would fall to be disclosed to the Company pursuant to the provisions in Divisions 2 and 3 of Part XV of the SFO or would be required to be entered in the register maintained by the Company pursuant to section 336 of the SFO are as follows:

Long Positions

Name	Capacity/Nature of Interest	Number of Shares held	Approximate percentage of Shareholding (1)
Red Link	Beneficial owner	378,798,000	44.56%
Ms. FF Lim (2)	Interest in a controlled corporation	378,798,000	44.56%
Mr. Ng Chee Keen (3)	Interest of spouse	378,798,000	44.56%
Mr. Chee Siew Wee	Beneficial owner	48,702,000	5.73%
Mr. Chong Soo Hoon, Sean	Beneficial owner	48,450,000	5.70%

Notes:

(1) The percentage has been complied 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 Chee Keen is the spouse of Ms. FF Lim and is deemed to be interested in all the Shares held by Red Link in which Ms. FF Lim is deemed to be interested under the SFO.

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

COMPETING INTERESTS

During the year ended 31 December 2019, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) was interested in any business which competes or may compete, either directly or indirectly, with the Group's business nor did they have any other conflicts of interest with the Group.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities since the Listing Date and up to the date of this report.

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" and "Share Option Scheme" above, at no time during the year ended 31 December 2019 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 year ended 31 December 2019 was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate at any time during the year or at the end of the year ended 31 December 2019.

EQUITY-LINKED AGREEMENTS

Save as disclosed in this report, other than the share options granted pursuant to the Share Option Scheme (as defined below), no equity-linked agreements were entered into by the Company during the year or subsisted at the end of the year ended 31 December 2019.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2019, the Group entered into certain transactions with "related parties" as defined under the applicable accounting standards. Details of related party transactions of the Group during the year ended 31 December 2019 are set out in note 30 to the consolidated financial statements.

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

SHARE OPTION SCHEME

The Company conditionally adopted a share option scheme on 18 September 2019 (the "**Share Option Scheme**"). The principal terms of the Share Option Scheme were summarised in the paragraph headed "Statutory and General Information – 4. Share Option Scheme" in Appendix IV to the Prospectus. The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group.

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

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

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

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

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

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

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

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

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

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

Maximum number of the Shares

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

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

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

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

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

Maximum entitlement of each Eligible Participants

The total number of Shares issued and which may fall to be issued upon the exercise of the options granted under the Share Option Scheme and any other share option schemes of the Group (including both exercised or outstanding options) to each grantee in any 12-month period shall not exceed 1% of the issued share capital of our Company for the time being. Where any further grant of options to a grantee under the Share Option Scheme would result in the Shares issued and to be issued upon exercise of all options granted and proposed to be granted (including exercised, cancelled and outstanding options) under the Share Option Scheme and any other share option schemes of our Group in the 12-month period up to and including the date of such further grant representing in aggregate over 1 per cent. of the Shares in issue, such further grant must be separately approved by the Shareholders in general meeting of the Company with such grantee and his/her associates abstaining from voting. The Company must send a circular to the Shareholders and the circular must disclose the identity of the participant, the number and terms of the options to be granted (and options previously granted to such participant), the information required under Rule 23.02(2)(d) of the GEM Listing Rules and the disclaimer required under Rule 23.02(4) of the GEM Listing Rules. The number and terms (including the exercise price) of options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting for proposing such further grant should be taken as the date of grant for the purpose of calculating the exercise price under note (1) to Rule 23.03(9) of the GEM Listing Rules.

Time of acceptance and exercise of option

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

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

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

Subscription price for the Shares and consideration for the option

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

Period of the Share Option Scheme

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 31 December 2019.

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 period from the Listing Date 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 CG Code as contained in Appendix 15 of the GEM Listing Rules. As the Shares were listed on the GEM of the Stock Exchange on 11 October 2019, other than the deviation from code provision A.2.1 and C.2.5, 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.

Since the Listing Date and up to the date of this report, other than the deviation from code provision A.2.1 and C.2.5 explained on pages 26 and 23 of this report respectively, the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules.

Save as disclosed above, the Directors consider that 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 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 31 December 2019, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

Directors' Report

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. Chu Kin Ming and Ms. Liang Weizhang. The chairman is Mr. Tang Chi Chiu, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The annual results of the Company for the year ended 31 December 2019 have been audited. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2019 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

CLOSURE OF THE REGISTER OF MEMBERS

The forthcoming AGM is scheduled to be held on Monday, 11 May 2020. For determining the entitlement to attend and vote at the 2020 AGM, the register of members of the Company will be closed from Tuesday, 5 May 2020 to Monday, 11 May 2020, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2020 AGM, all share transfer documents accompanied by the relevant share certificates must be lodged with the share registrar of the Company in Hong Kong, Tricor Investor Services Limited, Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration not later than 4:30 p.m. on Monday, 4 May 2020.

SUFFICIENCY OF PUBLIC FLOAT

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

ENVIRONMENTAL POLICIES AND PERFORMANCES

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

During the year ended 31 December 2019, the Company was in compliance, in all material respects, with the relevant environmental laws and regulations.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

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

CHANGE OF DIRECTORS

Appointment and Resignation of Directors

Ms. Tan Peck Luan (Chen Biluan) has resigned as an executive Director with effect from 28 February 2020 in order to devote more time to her personal affairs and other business commitments. Subsequent to her resignation, Ms. Tan has ceased to be the authorised representative and the compliance officer of the Company.

Mr. Goh Duo Tzer (Wu Duoze) has been appointed as an executive Director with effect from 28 February 2020, the authorised representative and the compliance officer of the Company.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 December 2019 have been audited by the Company's independent auditor, BDO Limited, Certified Public Accountants, who will retire and, being eligible, offer themselves for re-appointment. A resolution for the re-appointment of BDO Limited as auditor of the Company will be proposed at the forthcoming annual general meeting. There has been no change of auditor of the Company since the Listing Date.

EVENT AFTER REPORTING PERIOD

The forthcoming financial year is expected to be challenging due to the uncertainty in our markets as a result of the COVID-19 outbreak. These factors will adversely impact our revenue from after-market automotive services and car rental services for at least the first half of the year 2020. The Directors will monitor the developments of COVID-19 pandemic closely, assess and react actively to its impacts on the financial position and operating results of the Group. Save as disclosed above, the Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2019 and up to the date of this report.

By Order of the Board
Optima Automobile Group Holdings Limited
Ang Lay Keong (Hong Liqiang)
Chairman and Executive Director

Hong Kong, 25 March 2020

Independent Auditor's Report

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

OPINION

We have audited the consolidated financial statements of Optima Automobile Group Holdings Limited (the "**Company**") and its subsidiaries (together the "**Group**") set out on pages 59 to 133, which comprise the consolidated statement of financial position as at 31 December 2019, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Basis of opinion

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

KEY AUDIT MATTERS

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

1. Impairment assessment of right-of-use assets

Refer to Notes 3(a)(i), 5(iii), and 15(b) to the consolidated financial statements.

As at 31 December 2019, the Group had right-of-use assets with net carrying amount of SGD10,740,000, representing approximately 46% of the total assets of the Group. Management has performed an impairment assessment exercise and an impairment of SGD234,000 was recognised for the year ended 31 December 2019.

We considered the impairment assessment of the right-of-use assets a key audit matter because of the significance of right-of-use assets to the Group's consolidated financial position and the assessment involves significant judgment and estimates of the management in calculating the recoverable amount.

Our response:

Our procedures in relation to the impairment assessment on the right-of-use assets included:

- evaluating the appropriateness of management judgement regarding identification of those items of the right-of-use assets which may be impaired;
- evaluating the calculation and relevance of information used to calculate the recoverable amount; and
- considering the completeness and accuracy of the disclosure in relation to the impairment recognised.

2. Impairment assessment of trade receivables

Refer to Notes 4(e)(ii), 5(ii), 17 and 33(a) to the consolidated financial statements.

As at 31 December 2019, the gross amount of the Group's trade receivables was approximately SGD2,754,000, against which a loss allowance of SGD413,000 was made. The net carrying amount of SGD2,341,000 represented approximately 10% of the total assets of the Group.

The Group measures the loss allowance for trade receivables at an amount equals to lifetime expected credit losses ("**ECLs**"). The ECLs on trade receivables are estimated using a provision matrix by reference to past default experience of the debtors, current market condition in relation to each debtor's exposure. The ECLs also incorporate forward-looking information with reference to general macroeconomic conditions that may affect the ability of the debtors to settle receivables.

We consider the impairment assessment of trade receivables a key audit matter because of the significance of trade receivables to the Group's consolidated financial position and the assessment involves significant judgments and estimates of the management in evaluating ECLs of the Group's trade receivables at the end of the reporting period.

Our response:

Our procedures in relation to the impairment assessment on the trade receivables included:

- obtaining an understanding of the Group's procedures on how the Group estimates the loss allowance for trade receivables;
- challenging management's basis and judgment in determining credit loss allowances using historical loss rate and forward-looking information; and
- evaluating the presentation and disclosure regarding the impairment assessment of trade receivables.

Independent Auditor's Report

OTHER INFORMATION IN THE ANNUAL REPORT

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

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

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

DIRECTORS' RESPONSIBILITIES FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, in accordance with the terms of our engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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

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

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

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

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

Independent Auditor's Report

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

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

BDO Limited
Certified Public Accountants
Tsui Ka Che, Norman
Practising Certificate number: P05057

Hong Kong

25 March 2020

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2019

	Notes	2019 SGD'000	2018 SGD'000
Revenue	7	**16,634**	17,985
Other income and gains	8	**389**	276
Cost of materials used		**(4,626)**	(5,279)
Marketing and advertising expenses		**(155)**	(78)
Employee benefit expenses		**(5,639)**	(4,647)
Depreciation of property, plant and equipment		**(332)**	(1,930)
Impairment of right-of-use assets		**(234)**	–
Depreciation of right-of-use assets		**(3,260)**	–
Impairment of trade receivables		**(351)**	(93)
Finance costs	10	**(376)**	(328)
Listing expenses		**(1,963)**	(2,494)
Operating lease payments in respect of leased premises		**–**	(1,596)
Short-term lease expenses		**(134)**	–
Other expenses		**(1,934)**	(1,723)
(Loss)/Profit before income tax expense	9	**(1,981)**	93
Income tax expense	11	**(176)**	(336)
Loss and total comprehensive income for the year		**(2,157)**	(243)
Loss attributable to:			
Owners of the Company		**(2,157)**	(273)
Non-controlling interests		**–**	30
		(2,157)	(243)
Total comprehensive income attributable to:			
Owners of the Company		**(2,157)**	(273)
Non-controlling interests		**–**	30
		(2,157)	(243)
Losses per share			
– Basic and diluted (SGD cents)	14	**(0.33)**	(0.05)

Consolidated Statement of Financial Position

As at 31 December 2019

	Notes	**2019 SGD'000**	2018 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15(a)	**404**	10,269
Right-of-use assets	15(b)	**10,740**	–
Deposits	17	**1,148**	263
Total non-current assets		**12,292**	10,532
Current assets			
Inventories	16	**1,004**	1,014
Trade and other receivables	17	**3,595**	5,176
Cash and cash equivalents	18	**6,343**	3,031
Total current assets		**10,942**	9,221
Current liabilities			
Trade and other payables	19	**2,638**	3,906
Lease liabilities	15(b)	**3,653**	–
Bank borrowings	20	**169**	164
Finance lease obligations	21	**–**	2,210
Current tax liabilities		**689**	330
Total current liabilities		**7,149**	6,610
Net current assets		**3,793**	2,611
Total assets less current liabilities		**16,085**	13,143
Non-current liabilities			
Other payables	19	**–**	96
Lease liabilities	15(b)	**3,613**	–
Bank borrowings	20	**641**	810
Finance lease obligations	21	**–**	4,697
Deferred tax liabilities	22	**109**	635
Total non-current liabilities		**4,363**	6,238
Net assets		**11,722**	6,905
EQUITY			
Share capital	23	**1,497**	17
Reserves	24	**10,225**	6,888
Total equity		**11,722**	6,905

Ang Lay Keong (Hong Liqiang)
Director

Goh Duo Tzer (Wu Duoze)
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2019

	Total equity attributable to owners of the Company							
	Share capital SGD'000 (Note 23)	Share premium* SGD'000 (Note 24)	Merger reserve* SGD'000 (Note 24)	Other reserve* SGD'000 (Note 24)	Retained earnings* SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total equity SGD'000
Balance as at 1 January 2018	–	–	–	2,550	2,926	5,476	279	5,755
(Loss)/Profit and total comprehensive income for the year	–	–	–	–	(273)	(273)	30	(243)
Effect of acquiring part of non-controlling interests in a subsidiary (Note 25)	–	–	–	9	–	9	(309)	(300)
Capital injection (Note 23(ii))	–#	1,693	–	–	–	1,693	–	1,693
Issue of shares upon group reorganisation (Note 23(iii))	17	–	2,645	(2,662)	–	–	–	–
Balance as at 31 December 2018 and 1 January 2019	17	1,693	2,645	(103)	2,653	6,905	–	6,905
Loss and total comprehensive income for the year	–	–	–	–	(2,157)	(2,157)	–	(2,157)
Issue of shares upon initial public offering (Note 23(v))	440	10,132	–	–	–	10,572	–	10,572
Transaction costs attributable to issue of new shares (Note 23(v))	–	(3,598)	–	–	–	(3,598)	–	(3,598)
Capitalisation issue (Note 23(v))	1,040	(1,040)	–	–	–	–	–	–
Balance as at 31 December 2019	1,497	7,187	2,645	(103)	496	11,722	–	11,722

Represents amount less than SGD1,000

* As at 31 December 2019, the total of these reserves amounted to SGD10,225,000 (31 December 2018: SGD6,888,000).

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2019

	Notes	2019 SGD'000	2018 SGD'000
Cash flows from operating activities			
(Loss)/Profit before income tax expense		**(1,981)**	93
Adjustments for:			
Depreciation of property, plant and equipment		**332**	1,930
Impairment of right-of-use assets		**234**	–
Depreciation of right-of-use assets		**3,260**	–
(Gain)/Loss on disposal of property, plant and equipment		**(115)**	45
Write off of property, plant and equipment		**–**	2
Bad debts written off		**17**	–
Impairment of trade receivables		**351**	93
Reversal of impairment of trade receivables		**(61)**	(16)
Interest expenses		**376**	328
Operating profit before working capital changes		**2,413**	2,475
Decrease in inventories		**10**	394
Decrease/(Increase) in trade and other receivables		**389**	(766)
Decrease in trade and other payables		**(1,364)**	(1,919)
Cash generated from operations		**1,448**	184
Income taxes paid		**(343)**	(122)
Interest paid		**(39)**	(328)
Interest element of lease liabilities paid		**(337)**	–
Net cash generated from/(used in) operating activities		**729**	(266)
Cash flows from investing activities			
Purchase of property, plant and equipment		**(255)**	(139)
Proceeds from disposal of property, plant and equipment		**187**	37
Purchase of right-of-use assets		**(147)**	–
Net cash used in investing activities		**(215)**	(102)
Cash flows from financing activities	34		
Acquisition of non-controlling interests in a subsidiary		**–**	(300)
Proceeds from bank borrowings		**–**	400
Repayment of bank borrowings		**(164)**	(153)
Proceeds from issue of new shares		**10,572**	1,693
Transaction costs attributable to issue of new shares		**(3,598)**	–
Repayment of finance lease obligations		**–**	(2,312)
Capital element of lease liabilities paid		**(4,012)**	–
Net cash generated from/(used in) financing activities		**2,798**	(672)
Net increase/(decrease) in cash and cash equivalents		**3,312**	(1,040)
Cash and cash equivalents at beginning of the year		**3,031**	4,071
Cash and cash equivalents at end of the year		**6,343**	3,031
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand	18	**6,343**	3,031

Notes to the Consolidated Financial Statements

1. GENERAL INFORMATION

Optima Automobile Group Holdings Limited (the "**Company**") was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2018. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, the Cayman Islands. The principal place of business is located at 6 Kung Chong Road, Alexandra Industrial Estate, Singapore 159143. On 11 October 2019, the Company's shares were listed on GEM of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The Company and its subsidiaries are together referred to as the Group hereinafter.

The principal activity of the Company is investment holding. The principal activity of the Group is provision of repair and maintenance of motor vehicles in Singapore. As at 31 December 2019, the immediate holding company of the Company was Red Link International Limited, a limited liability incorporated in the British Virgin Islands. The directors of the Company considered the ultimate holding company to be Red Link International Limited.

These consolidated financial statements were approved and authorised for issue by the board of directors on 25 March 2020.

2. BASIS OF PRESENTATION AND PREPARATION

(a) Basis of presentation

Pursuant to the reorganisation (the "**Reorganisation**") carried out by the Group as fully explained in the paragraph headed "Reorganisation" in the "History, Reorganisation and Corporate Structure" section to the Company's prospectus dated 27 September 2019 as published on the website of the Stock Exchange to rationalise the structure of the Group, the Company has become the holding company of the subsidiaries now comprising the Group.

The Group is regarded as a continuing entity resulting from the Reorganisation since the insertion of a new holding company at the top of Optima Werkz Pte. Ltd. has not resulted in any change in economic substance and the acquisition of equity interests on Optima De Auto Pte. Ltd. and Optima Werkz International Pte. Ltd. involves business combination under common control.

Upon the completion of the Reorganisation, the Company holds the entire equity interests, directly or indirectly, of companies comprising the Group. The consolidated financial statements of the Group for the year ended 31 December 2019 has been prepared using the carrying amounts of the financial statements of the companies now comprising the Group.

2. BASIS OF PRESENTATION AND PREPARATION *(Continued)*

(a) Basis of presentation *(Continued)*

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for current and prior years include the results and cash flows of the companies now comprising the Group as if the current group structure, after the completion of the Reorganisation, had been in existence throughout the years, or since their respective dates of incorporation, whichever was shorter. The consolidated statement of financial position of the Group as at 31 December 2019 and 2018 have been prepared to present the state of the affairs of the Group as if the current group structure, after the completion of the Reorganisation, had been in existence as at the respective dates.

All significant intra-group transactions, balances and unrealised gains on transactions have been eliminated on consolidation.

(b) Basis of preparation

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

The consolidated financial statements are presented in Singapore dollars ("**SGD**"). Items included in the financial statements of each entity within the Group are measured using the currency that best reflects the economic substance of the underlying events and circumstances relevant to that entity (the "**functional currency**"). The functional currency of the Company is SGD. The subsidiaries are operating in Singapore and SGD is used as the presentation currency of the Group.

The consolidated financial statements are prepared on the historical cost basis.

It should be noted that accounting estimates and assumptions are used in preparation of the consolidated financial statements. Although these estimates are based on management's best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

3. ADOPTION OF HKFRSs

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019

The HKICPA has issued a number of new or revised HKFRSs that are first effective for the current accounting period of the Group:

HKFRS 16	Leases
HK(IFRIC)-Int 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Amendments to HKFRS 3, HKFRS 11, HKAS 12 and HKAS 23	Annual Improvements to HKFRSs 2015-2017 Cycle

The impact of the adoption of HKFRS 16 "Leases" has been summarised below. The other new or revised HKFRSs that are effective from 1 January 2019 did not have any significant impact on the Group's accounting policies.

(i) HKFRS 16 – Leases

HKFRS 16 supersedes HKAS 17 "Leases", HK(IFRIC)-Int 4 "Determining whether an Arrangement contains a Lease", HK(SIC)-Int 15 "Operating Leases – Incentives" and HK(SIC)-Int 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model. Lessor accounting under HKFRS 16 is substantially unchanged under HKAS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in HKAS 17. Therefore, HKFRS 16 did not have an impact for leases where the Group is the lessor.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(i) ***HKFRS 16 – Leases*** *(Continued)*

The Group adopted HKFRS 16 using the modified retrospective method of adoption with the date of initial application on 1 January 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application. The Group elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying HKAS 17 and HK(IFRIC)-Int 4 at the date of initial application. The Group also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("**short-term leases**"), and lease contracts for which the underlying asset is of low value ("**low-value assets**").

The effect of adoption of HKFRS 16 as at 1 January 2019 (increase/(decrease)) is as follows:

	SGD'000
Assets	
Right-of-use assets	13,080
Property, plant and equipment	(9,895)
Total assets	3,185
Liabilities	
Lease liabilities	10,092
Finance lease obligations	(6,907)
Total liabilities	3,185
Total adjustment on equity:	
Retained earnings	–
Non-controlling interests	–
	–

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(i) HKFRS 16 – Leases *(Continued)*

Nature of the effect of adoption of HKFRS 16

The Group has lease contracts for various items of property, plant and equipment. Before the adoption of HKFRS 16, the Group classified each of its leases (as lessee) at the inception date as either a finance lease or an operating lease. A lease was classified as a finance lease if it transferred substantially all of the risks and rewards incidental to ownership of the leased asset to the Group; otherwise it was classified as an operating lease. Finance leases were capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments were apportioned between interest (recognised as finance costs) and reduction of the lease liability. In an operating lease, the leased property was not capitalised and the lease payments were recognised as rent expense in profit or loss on a straight-line basis over the lease term. Any prepaid rent and accrued rent were recognised under "Prepayments" and "Trade and other payables", respectively.

Upon adoption of HKFRS 16, the Group applied a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The standard provides specific transition requirements and practical expedients, which has been applied by the Group.

Leases previously classified as finance leases

The Group did not change the initial carrying amounts of recognised assets and liabilities at the date of initial application for leases previously classified as finance leases (i.e. the right-of-use assets and lease liabilities equal the lease assets and liabilities recognised under HKAS 17). The requirements of HKFRS 16 was applied to these leases from 1 January 2019.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(i) ***HKFRS 16 – Leases*** *(Continued)*

Leases previously accounted for as operating leases

The Group recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application.

The Group also applied the available practical expedients wherein it:

- used a single discount rate to a portfolio of leases with reasonably similar characteristics;
- applied the short-term leases exemptions to leases with lease term that ends within 12 months at the date of initial application;
- excluded the initial direct costs from the measurement of the right-of-use assets at the date of initial application;
- used hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

Based on the foregoing, as at 1 January 2019:

- Right-of-use assets of SGD13,080,000 were recognised and presented separately in the consolidated statement of financial position. This includes the leased assets recognised previously under finance leases of SGD9,895,000 that were reclassified from “Property, plant and equipment”.
- Additional lease liabilities of SGD10,092,000 were recognised. This includes the lease liabilities recognised previously under finance leases of SGD6,907,000 that were reclassified from “Finance lease obligations”.
- No net effect of these adjustments had been adjusted to retained earnings and non-controlling interests.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(i) ***HKFRS 16 – Leases*** *(Continued)*

Leases previously accounted for as operating leases (Continued)

The lease liabilities as at 1 January 2019 can be reconciled to the operating lease commitments as at 31 December 2018 as follows:

	SGD'000
Operating lease commitments as at 31 December 2018	3,398
Less: commitments relating to short-term leases	(43)
	3,355
Less: total future interest expenses	(170)
Present value of remaining lease payments, discounted using the incremental borrowing rate as at 1 January 2019	3,185
Add: finance leases liabilities as at 31 December 2018	6,907
Total lease liabilities as at 1 January 2019	10,092

Summary of new accounting policies

Set out below are the new accounting policies of the Group upon adoption of HKFRS 16, which have been applied from the date of initial application:

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. Right-of-use assets are subject to impairment.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(i) HKFRS 16 – Leases (Continued)

Lease liabilities

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

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of leased properties for own use (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of assets that are considered of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(ii) HK(IFRIC)-Int 23 – Uncertainty over Income Tax Treatments

The interpretation supports the requirements of HKAS 12 "Income Taxes", by providing guidance over how to reflect the effects of uncertainty in accounting for income taxes.

Under the interpretation, the entity shall determine whether to consider each uncertain tax treatment separately or together based on which approach better predicts the resolution of the uncertainty. The entity shall also assume the tax authority will examine amounts that it has a right to examine and have full knowledge of all related information when making those examinations. If the entity determines it is probable that the tax authority will accept an uncertain tax treatment, then the entity should measure current and deferred tax in line with its tax filings. If the entity determines it is not probable, then the uncertainty in the determination of tax is reflected using either the "most likely amount" or the "expected value" approach, whichever better predicts the resolution of the uncertainty.

(iii) Amendments to HKFRS 9 – Prepayment Features with Negative Compensation

The amendments clarify that prepayable financial assets with negative compensation can be measured at amortised cost or at fair value through other comprehensive income if specified conditions are met – instead of at fair value through profit or loss.

(iv) Amendments to HKAS 19 – Plan Amendment, Curtailment or Settlement

The amendments clarify that amendment, curtailment or settlement of a defined benefit plan, a company should use updated actuarial assumptions to determine its current service cost and net interest for the period. Additionally, the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(v) Amendments to HKAS 28 – Long-term Interests in Associates and Joint Ventures

The amendment clarifies that HKFRS 9 applies to long-term interests ("**LTI**") in associates or joint ventures which form part of the net investment in the associates or joint ventures and stipulates that HKFRS 9 is applied to these LTI before the impairment losses guidance within HKAS 28.

(vi) Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 3 "Business Combinations"

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 3 which clarifies that when a joint operator of a business obtains control over a joint operation, this is a business combination achieved in stages and the previously held equity interest should therefore be remeasured to its acquisition date fair value.

(vii) Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKFRS 11 "Joint Arrangements"

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKFRS 11 which clarify that when a party that participates in, but does not have joint control of, a joint operation which is a business and subsequently obtains joint control of the joint operation, the previously held equity interest should not be remeasured to its acquisition date fair value.

(viii) Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 12 "Income Taxes"

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 12 which clarify that all income tax consequences of dividends are recognised consistently with the transactions that generated the distributable profits, either in profit or loss, other comprehensive income or directly in equity.

3. ADOPTION OF HKFRSs *(Continued)*

(a) Adoption of new or revised HKFRSs – effective from 1 January 2019 *(Continued)*

(ix) Annual Improvements to HKFRSs 2015-2017 Cycle – Amendments to HKAS 23 "Borrowing Costs"

The amendments issued under the annual improvements process make small, non-urgent changes to standards where they are currently unclear. They include amendments to HKAS 23 which clarifies that a borrowing made specifically to obtain a qualifying asset which remains outstanding after the related qualifying asset is ready for its intended use or sale would become part of the funds an entity borrows generally and therefore included in the general pool.

(b) New or revised HKFRSs that have been issued but are not yet effective

The following new or revised HKFRSs, potentially relevant to the Group's consolidated financial statements, have been issued, but are not yet effective and have not been early adopted by the Group. The Group's current intention is to apply these changes on the date they become effective.

Amendments to HKFRS 3	Definition of a Business[1]
Amendments to HKAS 1 and HKAS 8	Definition of Material[1]
Amendments to HKFRS 9, HKAS 39 and HKFRS 7	Interest Rate Benchmark Reform[1]
HKFRS 17	Insurance Contracts[2]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]

1 Effective for annual periods beginning on or after 1 January 2020
2 Effective for annual periods beginning on or after 1 January 2021
3 The amendments were originally intended to be effective for periods beginning on or after 1 January 2018. The effective date has now been deferred/removed. Early application of the amendments continue to be permitted.

(i) Amendments to HKFRS 3 – Definition of a Business

The amendments clarify that a business must include, as a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs, together with providing extensive guidance on what is meant by a "substantive process".

Additionally, the amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs, whilst narrowing the definition of "outputs" and a "business" to focus on returns from selling goods and services to customers, rather than on cost reductions.

An optional concentration test has also been added that permits a simplified assessment of whether an acquired set of activities and assets is not a business.

3. ADOPTION OF HKFRSs *(Continued)*

(b) New or revised HKFRSs that have been issued but are not yet effective *(Continued)*

(ii) Amendments to HKAS 1 and HKAS 8 – Definition of Material

The amendments clarify the definition and explanation of "material", aligning the definition across all HKFRS Standards and the Conceptual Framework, and incorporating supporting requirements in HKAS 1 into the definition.

(iii) Amendments to HKFRS 9, HKAS 39 and HKFRS 7 – Interest Rate Benchmark Reform

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainties caused by interest rate benchmark reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

(iv) HKFRS 17 – Insurance Contracts

HKFRS 17 will replace HKFRS 4 as a single principle-based standard for the recognition, measurement, presentation and disclosure of insurance contracts in the financial statements of the issuers of those contracts.

(v) Amendments to HKFRS 10 and HKAS 28 – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments clarify the extent of gains or losses to be recognised when an entity sells or contributes assets to its associate or joint venture. When the transaction involves a business the gain or loss is recognised in full, conversely when the transaction involves assets that do not constitute a business the gain or loss is recognised only to the extent of the unrelated investors' interests in the joint venture or associate.

The Group is not yet in a position to state whether these new pronouncements will result in substantial changes to the Group's accounting policies and consolidated financial statements.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of consolidation and subsidiaries

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

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.

(b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any.

The cost of property, plant and equipment includes its purchase price and the costs directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expense in profit or loss during the reporting period in which they are incurred.

Property, plant and equipment are depreciated so as to write off their cost net of expected residual value over their estimated useful lives on a straight-line basis. The useful lives, residual value and depreciation method are reviewed, and adjusted if appropriate, at the end of each reporting period. The estimated useful lives are as follows:

Computer	3 years
Furniture and fittings	3 years
Machine equipment	10 years
Motor vehicles	5 to 10 years
Office equipment	3 years
Leasehold improvements	3 years

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

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

An asset is written down immediately to its recoverable amount if its carrying amount is higher than the asset's estimated recoverable amount.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from the continued use of the asset.

The gain or loss on disposal of an item of property, plant and equipment is the difference between the net sale proceeds and its carrying amount, and is recognised in profit or loss on disposal.

(c) Leases

Accounting policies applied until 31 December 2018

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to lessee. All other leases are classified as operating leases.

The Group as lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on the straight-line basis over the lease term.

The Group as lessee

Assets held under finance leases are initially recognised as assets at their fair value or, if lower, the present value of the minimum lease payments. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to profit or loss over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

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

(c) Leases *(Continued)*

The Group as lessee *(Continued)*

The total rentals payable under the operating leases are recognised in profit or loss on a straight-line basis over the lease term. Lease incentives received are recognised as an integrated part of the total rental expense, over the term of the lease.

The land and buildings elements of property leases are considered separately for the purposes of lease classification.

Accounting policies applied from 1 January 2019

With effect of HKFRS 16 on 1 January 2019, the Group applied HKFRS 16 for accounting period beginning on 1 January 2019 with details set out in Note 3(a)(i) under heading “HKFRS 16 – Leases”.

(d) Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is calculated using the first-in-first-out method. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

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

(e) Financial instruments

(i) Financial assets

The Group classifies its financial assets in the following measurement categories: financial assets at fair value (either through other comprehensive income or through profit or loss); and financial assets at amortised cost. The classification is generally based on two criteria: the business model under which the financial asset is managed and the contractual cash flow characteristic of the financial asset. Investments in financial assets are recognised on the date the Group commits to purchase the investments. A financial asset (unless it is a trade receivable without a significant financing component) is initially measured at fair value plus, for an item not at fair value through profit or loss, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Amortised cost

Subsequent to initial recognition, financial assets that are held within a business model whose objective is to hold the financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using the effective interest method. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss.

(ii) Impairment loss on financial assets

The Group recognises loss allowances for expected credit losses ("**ECLs**") on the financial assets measured at amortised cost. The Group measures loss allowances at an amount equal to lifetime ECLs. For trade receivables, the Group applies the simplified approach to provide for ECLs prescribed by HKFRS 9, which requires the use of the lifetime expected losses provision for all trade receivables.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

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

(e) Financial instruments *(Continued)*

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

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be credit-impaired when: (1) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or (2) the financial asset is more than 90 days past due.

Interest income on credit-impaired financial assets is calculated based on the amortised cost (i.e. the gross carrying amount less loss allowance) of the financial asset. For non credit-impaired financial assets interest income is calculated based on the gross carrying amount.

For trade receivables, lease receivables and contract assets, the Group applies a simplified approach to measure the loss allowance at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date. For other debt financial assets, the Group measures the loss allowance either based on 12-month ECLs or lifetime ECLs, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of receivables has occurred since initial recognition, loss allowance is measured based on lifetime ECLs.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

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

(e) Financial instruments *(Continued)*

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

Definition of default

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that receivables that meet either of the following criteria are generally not recoverable:

– when there is a breach of financial covenants by the counterparty; or

– information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collaterals held by the Group).

Credit-impaired financial assets

At each reporting date, the Group assesses on a forward looking basis whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– a breach of contract such as a default or past due event;

– it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECLs in the consolidated statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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

(e) Financial instruments *(Continued)*

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(iii) Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liabilities were incurred. Financial liabilities at amortised costs are initially measured at fair value, net of directly attributable costs incurred.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of directly attributable costs incurred, and are subsequently measured at amortised cost, using the effective interest method, unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised in profit or loss.

Gains or losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(iv) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or liability, or where appropriate, a shorter period.

(v) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

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

(e) Financial instruments *(Continued)*

(vi) Derecognition

The Group derecognises a financial asset when the contractual rights to the future cash flows in relation to the financial asset expire or when the financial asset has been transferred and the transfer meets the criteria for derecognition in accordance with HKFRS 9.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or expired.

(vii) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 4(m)) before being unconditionally entitled to the consideration under the payment terms set out in the contract. Contract assets are assessed for ECLs in accordance with the policy set out in Note 4(e)(ii). Loss allowance for contract assets is measured at an amount equal to lifetime ECLs. ECLs on contract assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the customers and an assessment of both the current and forecast general economic conditions at the reporting date. Contract assets are reclassified to trade receivables when the right to the consideration has become unconditional.

A contract liability is recognised when the customer pays consideration before the Group recognises the related revenue (see Note 4(m)). A contract liability would also be recognised if the Group has an unconditional right to receive consideration before the Group recognises the related revenue. In such cases, a corresponding receivable would also be recognised.

For a single contract with the customer, either a net contract asset or a net contract liability is presented. For multiple contracts, contract assets and contract liabilities of unrelated contracts are not presented on a net basis.

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

(f) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid investments with original maturities of three months or less that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

(g) Foreign currencies

Transactions entered into by the group entities in currencies other than the currency of the primary economic environment in which they operate (the "**functional currency**") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income, in which case, the exchange differences are also recognised in other comprehensive income.

(h) Employee benefits

(i) Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service. Short-term employee benefits are recognised in the year when the employees render the related service.

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

(h) Employee benefits *(Continued)*

(ii) Defined contribution retirement plan

Contributions to defined contribution retirement plans are recognised as an expense in profit or loss when the services are rendered by the employees. Defined contribution retirement plans are post-employment benefit plans under which the Group pays fixed contributions into separate entities such as the Central Provident Fund on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid.

(iii) Termination benefits

Termination benefits are recognised on the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

(i) Provisions and contingent liabilities

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, which it is probable will result in an outflow of economic benefits that can be reliably estimated.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, the existence of which will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(j) Impairment of assets (other than financial assets)

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and investment in subsidiaries to determine whether there is any indication that those assets have suffered an impairment loss or an impairment loss previously recognised no longer exists or may have decreased.

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

(j) Impairment of assets (other than financial assets) *(Continued)*

If the recoverable amount (i.e. the greater of the fair value less costs of disposal and value in use) of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

(k) Government grants

Government grants receivable are recognised as income over the periods necessary to match them with related costs which they are intended to compensate, on a systematic basis. Government grants relating to expenses are shown separately as other income.

(l) Capitalisation of borrowing costs

Borrowing costs attributable directly to the acquisition, construction or production of qualifying assets which require a substantial period of time to be ready for their intended use or sale, are capitalised as part of the cost of those assets. Income earned on temporary investments of specific borrowings pending their expenditure on those assets is deducted from borrowing costs capitalised. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(m) Revenue recognition

Revenue is recognised to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Specifically, the Group uses a 5-step approach to revenue recognition.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the Group satisfies a performance obligation

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

(m) Revenue recognition *(Continued)*

The Group recognises revenue when (or as) a performance obligation is satisfied (i.e. when control of the goods or services underlying in particular performance obligation is transferred to customers).

Control of the goods or services may be transferred over time or at a point in time. Control of the goods or services is transferred over time if:

- the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;
- the Group's performance creates and enhances an asset that the customer controls as the Group performs; or
- the Group's performance does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the goods or services transfers over time, revenue is recognised over the period of the contract by reference to progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the goods or services.

Where the contract contains a financing component which provides a significant financing benefit to the customer for more than 12 months, revenue is measured at the present value of the amount receivable, discounted using the discount rate that would be reflected in a separate financing transaction with the customer, and interest income is accrued separately under the effective interest method. Where the contract contains a financing component which provides a significant financing benefit to the Group, revenue recognised under that contract includes the interest expense accreted on the contract liability under the effective interest method. The Group takes advantage of the practical expedient in paragraph 63 of HKFRS 15 and does not adjust the consideration for any effects of a significant financing component if the period of financing is 12 months or less.

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

(m) Revenue recognition *(Continued)*

The likelihood of the Group earning contractual bonuses for early completion or suffering contractual penalties for late completion are taken into account in making estimates, such that revenue is only recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

(i) Service income from the provision of repair and maintenance of motor vehicles is recognised over time as the Group satisfies its performance obligation.

(ii) Rental income under operating leases is recognised on a straight-line basis over the term of the relevant lease (Note 4(c)).

(iii) Warranty income under the Group's own warranty programme is recognised as revenue over the warranty period on a straight-line basis. For the warranty programme entered into by a customer with an insurance company of which the Group is the designated service workshop, the warranty income is recognised over time as the Group satisfies its performance obligation.

(iv) Income from automotive supply business is recognised when the control of the goods is transferred to customers, being when the products are accepted by the customers. There was no unfulfilled obligation that could affect the customers' acceptance of the products. Fee income for licensing computer software inbuilt in the automotive equipment is recognised when the control of the goods is transferred to customers.

(n) Income taxes

Income taxes comprise current tax and deferred tax.

Current tax is based on profit or loss from ordinary activities adjusted for items that are non-assessable or disallowable for income tax purposes and is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

(n) Income taxes *(Continued)*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for tax purposes. Except for recognised assets and liabilities that affect neither accounting nor taxable profits, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is measured at the tax rates appropriate to the expected manner in which the carrying amount of the asset or liability is realised or settled and that have been enacted or substantively enacted at the end of the reporting period.

Income taxes are recognised in profit or loss except when they relate to items recognised in other comprehensive income in which case the taxes are also recognised in other comprehensive income or when they relate to items recognised directly in equity in which case the taxes are also recognised directly in equity.

(o) Related parties

(a) A person or a close member of that person's family is related to the Group if that person:

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

(b) An entity is related to the Group if any of the following conditions apply:

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are joint ventures of the same third party.

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

(o) Related parties *(Continued)*

(b) (Continued)

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of the employees of the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the group or to the group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

(i) that person's children and spouse or domestic partner;

(ii) children of that person's spouse or domestic partner; and

(iii) dependents of that person or that person's spouse or domestic partner.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, the directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

(i) Useful lives of property, plant and equipment

The Group regularly reviews the estimated useful lives of property, plant and equipment based on factors such as business plan and strategies, expected level of usage and future technological developments. Future results of operations could be materially affected by changes in these estimates brought about by changes in the factors mentioned above. A reduction in the estimated useful lives of property, plant and equipment would increase the recorded depreciation and decrease the carrying amount of property, plant and equipment.

(ii) Impairment of trade and other receivables

Management determines impairment of trade and other receivables on a regular basis. A considerable amount of judgment is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of its debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional impairment may be required. Further information on the impairment of trade and other receivables is included in Note 17.

(iii) Impairment of non-financial assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that their carrying amounts may not be recoverable annually in accordance with relevant accounting policies. Impairment loss is recognised when the carrying amount of an asset is lower than the greater of the fair value less costs of disposal and value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgments are applied in determining these future cash flows and the discount rate.

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

(iv) Determining the method to estimate variable consideration and assessing the constraint for the warranty income

Certain contracts for the warranty income include clauses that might affect the amount of warranty income recognised that give rise to variable consideration. In estimating the variable consideration, the Group is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Group determined that the expected value method is the appropriate method to use in estimating the variable consideration for the warranty income, given the large number of warranty contracts that have similar characteristics.

Before including any amount of warranty income in the transaction price, the Group considers whether the amount of variable consideration is constrained. The Group determined that the estimates of variable consideration are not constrained based on historical experience, business forecast and the current economic environment, as well as the uncertainty being resolved within a short period of time.

(v) Critical judgments in allocating the transaction price

Some automotive equipment supply contracts include an inbuilt computer software with a specified value. Because these contracts include multiple performance obligations, the transaction price must be allocated to the performance obligations on a relative standalone selling price basis.

Management estimates the standalone selling price at contracts inception based on observable prices of the computer software and the equipment to be provided in similar circumstances to similar customers. If a discount is granted, it is allocated to both performance obligations based on their relative standalone selling prices.

6. SEGMENT INFORMATION

The executive directors of the Company, who are the chief operating decision-makers of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive directors of the Company that are used to make strategic decisions.

The Group has 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

Segment performance is evaluated based on reportable segment profit or loss, which is a measure of adjusted profit or loss before income tax. The adjusted profit or loss before income tax is measured consistently with the Group's profit or loss before income tax except that unallocated other income and gains, staff costs, finance costs, as well as corporate expenses are excluded from such measurement.

Segment assets included all assets but excluded certain property, plant and equipment and right-of-use assets, as well as corporate assets unrelated to the business activities of any operating segment.

Segment liabilities included all liabilities but excluded current and deferred tax liabilities, certain lease liabilities and corporate liabilities unrelated to the business activities of any operating segment.

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.

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment

For the year ended 31 December 2019

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Segment revenue				
Revenue from external customers	12,875	2,555	1,204	16,634
Segment profit/(loss)	6,669	(31)	241	6,879
Other income and gains				389
Unallocated staff costs				(3,478)
Unallocated corporate expenses				(5,595)
Unallocated finance costs				(176)
Loss before income tax expense				(1,981)
Other segment information				
Unallocated depreciation				(1,810)
Unallocated income tax				(176)

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

For the year ended 31 December 2018

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Segment revenue				
Revenue from external customers	14,253	2,454	1,278	17,985
Segment profit	6,908	220	799	7,927
Other income and gains				276
Unallocated staff costs				(2,760)
Unallocated corporate expenses				(5,306)
Unallocated finance costs				(44)
Profit before income tax expense				93
Other segment information				
Unallocated depreciation				(72)
Unallocated income tax				(336)

Revenue from external customers of after-market automotive services segment included service income and warranty income during the years.

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

As at 31 December 2019

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Segment assets	3,767	8,833	–	12,600
Unallocated property, plant and equipment				62
Unallocated right-of-use assets				2,110
Unallocated corporate assets				8,462
Total assets				23,234

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Segment liabilities	1,512	5,150	–	6,662
Current tax liabilities				689
Deferred tax liabilities				109
Unallocated lease liabilities				2,194
Unallocated corporate liabilities				1,858
Total liabilities				11,512

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

As at 31 December 2018

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Segment assets	4,452	10,481	–	14,933
Unallocated property, plant and equipment				49
Unallocated corporate assets				4,771
Total assets				19,753

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Segment liabilities	1,756	6,965	–	8,721
Current tax liabilities				330
Deferred tax liabilities				635
Unallocated corporate liabilities				3,162
Total liabilities				12,848

All assets are allocated to operating segments other than unallocated assets (mainly comprising certain property, plant and equipment and right-of-use assets, other receivables and cash and cash equivalents).

All liabilities are allocated to operating segments other than unallocated liabilities (mainly comprising current and deferred tax liabilities, certain lease liabilities and other payables).

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

For the year ended 31 December 2019

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Other segment information				
Additions to non-current assets	–	632	–	632
Depreciation of property, plant and equipment	(205)	(83)	–	(288)
Depreciation of right-of-use assets	(8)	(1,486)	–	(1,494)
Impairment of right-of-use assets	–	(234)	–	(234)
Staff costs	(2,057)	(104)	–	(2,161)
Finance costs	–	(200)	–	(200)

For the year ended 31 December 2018

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Total SGD'000
Other segment information				
Additions to non-current assets	–	21	–	21
Depreciation of property, plant and equipment	(337)	(1,521)	–	(1,858)
Staff costs	(1,816)	(71)	–	(1,887)
Finance costs	–	(284)	–	(284)

Additions to non-current assets mainly represents additions to property, plant and equipment and right-of-use assets.

6. SEGMENT INFORMATION *(Continued)*

(b) Information about major customers

Revenue from major customers, each of them accounted for 10% or more of the Group's revenue, are set out below:

	Car rental services	
	2019	2018
	SGD'000	SGD'000
Customer E	**1,893**	2,025

7. REVENUE

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

	2019	2018
	SGD'000	SGD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Service income	**11,525**	12,743
Warranty income	**1,350**	1,510
Automotive supply income	**1,204**	1,278
Revenue from other sources		
Car rental income	**2,555**	2,454
	16,634	17,985

	2019	2018
	SGD'000	SGD'000
Disaggregation by timing of revenue recognition		
Over time	**12,875**	14,253
Point in time	**1,204**	1,278
	14,079	15,531

7. REVENUE *(Continued)*

(a) Contract assets

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

	2019	2018
	SGD'000	SGD'000
Contract assets arising from:		
After-market automotive services (Note 17)	**283**	288

(i) Changes in contract assets

Contract assets of the Group arise from the after-market automotive services that have been partially provided but have not been completed as at the end of the reporting period. The balance as at 31 December 2019 and 2018 mainly represented car repair services partially complete under the Group's after-market automotive service business.

The contract assets were transferred to trade receivables when the rights became unconditional where car repair services were complete. The typical payment terms which impact on the contract assets are the Group normally issue bill to customers for payment upon completion of the relevant services.

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

	2019	2018
	SGD'000	SGD'000
Within one year	**283**	288

(iii) An impairment analysis is performed at each reporting date using a provision matrix to measure ECLs. The provision rates for the measurement of the ECLs of the contract assets are based on those of the trade receivables as the contract assets and the trade receivables are from the same customer bases. The provision rates of contract assets are based on days past due of trade receivables appropriately grouped by similar loss pattern. The calculation reflects the probability weighted outcome, the time value of money, and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecast of future economic conditions. As at 31 December 2019, no provision was made as the ECLs on contract assets were immaterial (2018: nil).

7. REVENUE *(Continued)*

(b) Contract liabilities

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

	2019	2018
	SGD'000	SGD'000
Contract liabilities (Note 19)	**215**	–

(i) Changes in contract liabilities

Contract liabilities of the Group arise from the advance payments made by customers while the underlying services have not been provided. Balance as at 31 December 2019 mainly represented advance payments received from customers under the Group's after-market automotive service business.

(ii) Unsatisfied performance obligations

The Group has applied the practical expedient in paragraph 121 of HKFRS 15 to its contracts of after-market automotive service such that did not include information about service income that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts of service income that had an original expected duration of one year or less.

The contract liabilities as at 31 December 2019 did not include any considerations that the Group may earn in the future by meeting conditions set out in the contracts of service income with customers (2018: nil).

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

During the years ended 31 December 2019 and 2018, there were no significant incremental costs to obtain a contract.

7. REVENUE *(Continued)*

(b) Contract liabilities *(Continued)*

(iv) Movements in contract liabilities

	2019 **SGD'000**	2018 SGD'000
Balance as at 1 January	**–**	–
Increase in contract liabilities as a result of advance payments made by customers	**317**	–
Decrease in contract liabilities as a result of recognising revenue during the year	**(102)**	–
Balance as at 31 December	**215**	–

8. OTHER INCOME AND GAINS

	2019 **SGD'000**	2018 SGD'000
Government grants	**71**	106
Reversal of impairment of trade receivables (Note 17)	**61**	16
Gain on disposal of property, plant and equipment	**115**	–
Others	**142**	154
	389	276

9. (LOSS)/PROFIT BEFORE INCOME TAX EXPENSE

	2019 SGD'000	2018 SGD'000
(Loss)/Profit before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	70	40
Cost of inventories recognised as expenses	4,626	5,279
Depreciation of property, plant and equipment		
– Direct depreciation expenses	288	1,858
– Indirect depreciation expenses	44	72
– Total	332	1,930
Depreciation of right-of-use assets		
– Direct depreciation expenses	1,494	–
– Indirect depreciation expenses	1,766	–
– Total	3,260	–
Employee benefit expenses (including directors' emoluments) (Note 12)		
– Salaries, allowances and other benefits	5,218	4,307
– Contributions to defined contribution retirement plan	421	340
– Total	5,639	4,647
– Direct employee benefit expenses	2,161	1,887
– Indirect employee benefit expenses	3,478	2,760
– Total	5,639	4,647
Impairment of right-of-use assets (Note 15(b))	234	–
Impairment of trade receivables (Note 17)	351	93
Reversal of impairment of trade receivables	(61)	(16)
Bad debts written off	17	–
(Gain)/Loss on disposal of property, plant and equipment	(115)	45
Write off of property, plant and equipment	–	2
Operating lease payments in respect of leased premises	134	1,596

10. FINANCE COSTS

	2019 SGD'000	2018 SGD'000
Interest element of finance lease payments	**–**	283
Interest element of lease liabilities	**337**	–
Interest on loans from shareholders	**–**	5
Interest on bank borrowings	**39**	40
	376	328

11. INCOME TAX EXPENSE

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

	2019 SGD'000	2018 SGD'000
Singapore		
Current tax		
– Current year	**148**	325
– Under/(over) provision in respect of prior years	**554**	(129)
Deferred tax (credit)/expense (Note 22)	**(526)**	140
	176	336

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the year ended 31 December 2019 (2018: 17%).

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions for the years ended 31 December 2019 and 2018.

11. INCOME TAX EXPENSE *(Continued)*

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

	2019	2018
	SGD'000	SGD'000
(Loss)/Profit before income tax expense	**(1,981)**	93
Tax calculated at the domestic tax rates	**(337)**	16
Tax effect of expenses not deductible for tax purposes	**477**	448
Tax effect of revenue not taxable for tax purposes	**(20)**	(34)
Under/(over) provision in respect of prior years	**28**	(36)
Tax rebates	**(36)**	(53)
Tax effect of unused tax losses not recognised	**48**	–
Others	**16**	(5)
Income tax expense	**176**	336

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors for the years ended 31 December 2019 and 2018 are set out below:

	Fees	Salaries, allowances and other benefits	Discretionary bonuses (Note (i))	Contributions to defined contribution retirement plan	Total
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Year ended 31 December 2019					
Executive directors					
Mr. Ang Lay Keong (Hong Liqiang)	–	236	56	30	322
Ms. Lim Li Ling (Lin Liling)	–	114	48	21	183
Ms. Tan Peck Luan (Chen Biluan) (Note (ii))	–	104	108	19	231
Independent non-executive directors					
Mr. Chu Kin Ming	5	–	–	–	5
Mr. Tang Chi Chiu	5	–	–	–	5
Ms. Liang Weizhang	5	–	–	–	5
	15	454	212	70	751

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

(a) Directors' emoluments *(Continued)*

	Fees SGD'000	Salaries, allowances and other benefits SGD'000	Discretionary bonuses (Note (i)) SGD'000	Contributions to defined contribution retirement plan SGD'000	Total SGD'000
Year ended 31 December 2018					
Executive directors					
Mr. Ang Lay Keong (Hong Liqiang)	29	240	–	20	289
Ms. Lim Li Ling (Lin Liling)	–	114	–	15	129
Ms. Tan Peck Luan (Chen Biluan)	–	96	–	12	108
Independent non-executive directors					
Mr. Chu Kin Ming	–	–	–	–	–
Mr. Tang Chi Chiu	–	–	–	–	–
Ms. Liang Weizhang	–	–	–	–	–
	29	450	–	47	526

Notes:

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

(ii) Ms. Tan Peck Luan (Chen Biluan) resigned as the Company's executive director on 28 February 2020.

(iii) Mr. Goh Duo Tzer (Wu Duoze) was appointed as the Company's executive director on 28 February 2020.

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the directors waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included three directors for the years ended 31 December 2019 and 2018 respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid non-director individuals are as follows:

	2019 SGD'000	2018 SGD'000
Salaries, allowances and other benefits	**196**	177
Discretionary bonus	**108**	–
Contribution to defined contribution retirement plan	**19**	26
	323	203

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

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

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

	2019 Number of individuals	2018 Number of individuals
Nil – HK$1,000,000	**1**	4
HK$1,000,001 – HK$1,500,000	**4**	1

During the years ended 31 December 2019 and 2018, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. In addition, none of the five highest paid individuals waived or agreed to waive any emoluments during the years ended 31 December 2019 and 2018.

13. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year ended 31 December 2019 (2018: nil).

14. LOSSES PER SHARE

	Year ended 31 December	
	2019 SGD'000	2018 SGD'000
The basic and diluted losses per share for the year are calculated based on the following:		
Loss attributable to owners of the Company for the year	**(2,157)**	(273)
Weighted average number of ordinary shares in issue (Note)	**656,164,384**	600,000,000
Basic and diluted losses per share (SGD cents)	**(0.33)**	(0.05)

Note:

For the year ended 31 December 2019, 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 656,164,384 ordinary shares in issue.

For the year ended 31 December 2018, the calculation of basic losses per share was based on the loss 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 (details of which are set out in Note 23(v)).

Diluted losses per share were the same as basic losses per share as there was no potential dilutive ordinary share in existence during the years ended 31 December 2019 and 2018.

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

(a) Property, plant and equipment

	Computer SGD'000	Furniture and fittings SGD'000	Machine equipment SGD'000	Motor vehicles SGD'000	Office equipment SGD'000	Leasehold improvements SGD'000	Total SGD'000
Cost							
At 1 January 2018	416	294	835	13,801	73	701	16,120
Additions	68	11	22	21	10	7	139
Disposals	–	–	–	(225)	–	–	(225)
Write off	(5)	(5)	(6)	–	(2)	(16)	(34)
At 31 December 2018	479	300	851	13,597	81	692	16,000
Reclassification to right-of-use assets at 1 January 2019	–	–	–	(13,111)	–	–	(13,111)
Additions	134	5	24	5	7	80	255
Disposals	–	–	–	(355)	–	–	(355)
Write off	–	(60)	(1)	–	(1)	(11)	(73)
Reclassification from right-of-use assets (Note (b))	–	–	–	913	–	–	913
At 31 December 2019	613	245	874	1,049	87	761	3,629
Accumulated depreciation							
At 1 January 2018	278	283	690	1,994	58	560	3,863
Charge for the year	99	20	100	1,579	16	116	1,930
Disposals	–	–	–	(30)	–	–	(30)
Write off	(3)	(5)	(6)	–	(2)	(16)	(32)
At 31 December 2018	374	298	784	3,543	72	660	5,731
Reclassification to right-of-use assets at 1 January 2019	–	–	–	(3,216)	–	–	(3,216)
Charge for the year	104	6	50	92	9	71	332
Disposals	–	–	–	(283)	–	–	(283)
Write off	–	(60)	(1)	–	(1)	(11)	(73)
Reclassification from right-of-use assets (Note (b))	–	–	–	734	–	–	734
At 31 December 2019	478	244	833	870	80	720	3,225
Net carrying amount							
At 31 December 2018	105	2	67	10,054	9	32	10,269
At 31 December 2019	135	1	41	179	7	41	404

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

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

The carrying amount of the Group's motor vehicles of SGD9,895,000 as at 31 December 2018 are under finance lease obligations (Note 21). With effect of HKFRS 16 on 1 January 2019, motor vehicles under finance lease obligations with net carrying amount of SGD9,895,000 were reclassified as right-of-use assets (Note (b)) as at 1 January 2019.

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

As discussed in Note 3(a)(i), the Group has initially 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 years:

	Right-of-use assets			Lease liabilities
	Motor vehicles	Leased properties for own use	Total	Total
	SGD'000	SGD'000	SGD'000	SGD'000
As at 1 January 2018 and 31 December 2018	–	–	–	–
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 (Note (a))	(179)	–	(179)	–
Impairment	(234)	–	(234)	–
Interest expenses	–	–	–	337
Payments	–	–	–	(4,349)
As at 31 December 2019	8,608	2,132	10,740	7,266

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

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

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 SGD134,000 in profit or loss for the year ended 31 December 2019.

During the year ended 31 December 2019, 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 SGD234,000 (2018: nil) was recognised in profit or loss for the year ended 31 December 2019.

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2019 and as at the date of transition to HKFRS 16 are as follows:

	As at 31 December 2019		As at 1 January 2019	
	Present value of the minimum lease payments SGD'000	Total minimum lease payments SGD'000	Present value of the minimum lease payments SGD'000	Total minimum lease payments SGD'000
Within 1 year	3,653	3,861	3,819	4,134
After 1 year but within 2 years	2,637	2,718	3,395	3,563
After 2 years but within 5 years	976	1,000	2,878	2,938
	3,613	3,718	6,273	6,501
	7,266	7,579	10,092	10,635
Less: total future interest expense		(313)		(543)
Present value of lease liabilities		7,266		10,092

16. INVENTORIES

	2019 SGD'000	2018 SGD'000
Parts and accessories	**1,004**	1,014

The cost of inventories recognised as expenses amounted to SGD4,626,000 during the year ended 31 December 2019 (2018: SGD5,279,000).

17. TRADE AND OTHER RECEIVABLES

	2019 SGD'000	2018 SGD'000
Trade receivables	**2,754**	3,620
Less: impairment loss	**(413)**	(210)
Trade receivables, net	**2,341**	3,410
Contract assets (Note 7(a))	**283**	288
Deposits, prepayment and other receivables (Note)	**2,119**	1,741
	4,743	5,439
Categorised as:		
Current portion	**3,595**	5,176
Non-current portion	**1,148**	263
	4,743	5,439

Note:

As at 31 December 2019, included in deposits, prepayment and other receivables represented a refundable cash deposit of SGD1,000,000 (2018: nil) 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 not complete up to the report date and expected to complete no later than 31 December 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.

17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2019	2018
	SGD'000	SGD'000
Within 30 days	**386**	988
31 – 60 days	**366**	594
61 – 90 days	**73**	450
91 – 180 days	**1,197**	540
181 – 365 days	**176**	394
Over 365 days	**143**	444
	2,341	3,410

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

	2019	2018
	SGD'000	SGD'000
Neither past due nor impaired	**251**	893
Past due but not impaired		
Less than 60 days	**534**	858
61 – 90 days	**94**	335
91 – 180 days	**1,159**	496
181 – 365 days	**164**	384
Over 365 days	**139**	444
	2,090	2,517
	2,341	3,410

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.

17. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2019 SGD'000	2018 SGD'000
At beginning of the year	**210**	193
Allowance for impairment (Note 9)	**351**	93
Reversal of impairment (Note 8)	**(61)**	(16)
Write off against allowance	**(87)**	(60)
At end of the year	**413**	210

Impairment of trade receivables

As at 31 December 2019, total allowance of SGD354,000 (2018: SGD117,000) 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 SGD59,000 (2018: SGD93,000) was made against the gross amount of trade receivables as at 31 December 2019. Total bad debts of SGD17,000 (2018: nil) was written off directly to profit or loss for the year ended 31 December 2019 (Note 9).

All contract assets and other receivables as at 31 December 2019 and 2018 were neither past due nor impaired.

18. CASH AND CASH EQUIVALENTS

	2019 SGD'000	2018 SGD'000
Cash on hand	**3**	5
Cash at bank	**6,340**	3,026
	6,343	3,031

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

19. TRADE AND OTHER PAYABLES

	2019 SGD'000	2018 SGD'000
Trade payables (Note (a))	**684**	748
Other payables, accruals and deposits received	**1,739**	3,254
Contract liabilities (Note 7(b))	**215**	–
	2,638	4,002
Categorised as:		
Current portion	**2,638**	3,906
Non-current portion	**–**	96
	2,638	4,002

(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:

	2019 SGD'000	2018 SGD'000
Within 30 days	**339**	362
31 – 60 days	**241**	251
61 – 90 days	**90**	121
Over 90 days	**14**	14
	684	748

20. BANK BORROWINGS

	2019 SGD'000	2018 SGD'000
Secured and interest-bearing bank borrowings (Note (i))		
– Bank loans due for repayment within a year	**169**	164
– Bank loans due for repayment after a year (Note (ii))	**641**	810
	810	974
Categorised as:		
Current portion	**169**	164
Non-current portion	**641**	810
	810	974

Notes:

(i) Bank loans were interest bearing at floating rates. The interest rates of the Group's bank loans as at 31 December 2019 and 2018 granted under banking facilities ranged from 4.1% to 4.4% and 3.5% to 4.1% respectively per annum.

(ii) As at 31 December 2019 and 2018, 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) As at 31 December 2019 and 2018, 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 the end of the reporting period, the Group's bank borrowings were scheduled to repay as follows:

	2019 SGD'000	2018 SGD'000
On demand or within one year	**169**	164
More than one year, but not exceeding two years	**179**	171
More than two years, but not exceeding five years	**462**	556
More than five years	**–**	83
	810	974

21. FINANCE LEASE OBLIGATIONS

The Group leases its motor vehicles and these leases were classified as finance leases. The lease obligations were secured by the underlying leased assets and personal guarantee of an executive director of the Company. The future lease payments under the finance leases were due as follows:

	Minimum lease payments SGD'000	**Interest SGD'000**	**Present value of minimum lease payment SGD'000**
As at 31 December 2019			
No later than one year	–	–	–
Later than one year but not later than five years	–	–	–
	–	–	–

	Minimum lease payments SGD'000	Interest SGD'000	Present value of minimum lease payment SGD'000
As at 31 December 2018			
No later than one year	2,403	(193)	2,210
Later than one year but not later than five years	4,876	(179)	4,697
	7,279	(372)	6,907

21. FINANCE LEASE OBLIGATIONS *(Continued)*

The present value of future lease payments is analysed as:

	2019 SGD'000	2018 SGD'000
Current liabilities	–	2,210
Non-current liabilities	–	4,697
	–	6,907

With effect of HKFRS 16 on 1 January 2019, finance lease obligations with net carrying amount of SGD6,907,000 was reclassified as lease liabilities as at 1 January 2019 (Note 15(b)).

22. DEFERRED TAX

The analysis of deferred tax is as follows:

	2019 SGD'000	2018 SGD'000
Deferred tax liabilities	**109**	635

The above deferred tax balances are to be recovered or settled after twelve months. The movement on deferred tax during the years ended 31 December 2019 and 2018 are as follows:

	Accelerated tax depreciation SGD'000
At 1 January 2018	495
Charged to profit or loss for the year (Note 11)	140
At 31 December 2018 and 1 January 2019	635
Credited to profit or loss for the year (Note 11)	(526)
At 31 December 2019	109

As at 31 December 2019 and 2018, no deferred tax liabilities have been recognised on deductible temporary difference as the Group is able to control the timing of reversal of the temporary difference arising from any dividend income declared by subsidiaries and these were probable that will not reverse in foreseeable future.

23. SHARE CAPITAL

	Number	Amount HK$'000	Amount SGD'000
Authorised:			
Ordinary shares of HK$0.01 each			
Upon incorporation (Note (i))	38,000,000	380	66
At 31 December 2018 and 1 January 2019	38,000,000	380	66
Ordinary shares of HK$0.01 each			
Increase of authorised share capital (Note (iv))	15,962,000,000	159,620	28,125
At 31 December 2019	16,000,000,000	160,000	28,191
Issued and fully paid:			
Ordinary shares of HK$0.01 each			
Upon incorporation (Note (i))	950,000	–	–
Capital injection (Note (ii))	50,000	1	–*
Upon the Reorganisation (Note (iii))	9,000,000	99	17
At 31 December 2018 and 1 January 2019	10,000,000	100	17
Issue of shares upon initial public offering (Note (v))	250,000,000	2,500	440
Capitalisation issue (Note (v))	590,000,000	5,900	1,040
At 31 December 2019	850,000,000	8,500	1,497

* Represents amount less than SGD1,000

23. SHARE CAPITAL *(Continued)*

(i) The Company was incorporated in the Cayman Islands on 14 March 2018 with an authorised share capital of HK$380,000 divided into 38,000,000 ordinary shares of par value HK$0.01 each. On 14 March 2018, one nil-paid ordinary share of HK$0.01 was allotted and issued to Sharon Pierson (an officer of Conyers Trust Company (Cayman) Limited, the registered office provider of the Company), the initial subscriber, at par. On the same day, Sharon Pierson transferred the one subscriber share to Red Link International Limited that was owned by the controlling shareholders. On the same day, the Company further allotted and issued 949,999 ordinary shares, all nil paid, to various shareholders pursuant to the Reorganisation.

(ii) On 23 March 2018, the Company, an executive director of the Company (as warrantor) and Auspricious Profit International Limited ("**API**"), an independent third party, entered into a share subscription agreement, pursuant to which API conditionally agreed to subscribe for 50,000 ordinary shares of the Company for a cash consideration of HK$10,000,000 (equivalent to SGD1,693,000). On 29 March 2018, 50,000 ordinary shares of the Company was allotted and issued to API amounting to HK$500 (equivalent to SGD86) in share capital and HK$9,999,500 (equivalent to approximately SGD1,693,000) in share premium.

(iii) On 22 June 2018, pursuant to a share swap agreement, in consideration of and in exchange for the acquisition of the entire equity interest in Optima Werkz Pte. Ltd. from the then shareholders of Optima Werkz Pte. Ltd. by Optima International Limited, the Company credited as fully-paid 950,000 nil-paid ordinary shares as mentioned in point (i) above and issued 8,550,000 ordinary shares and credited as fully-paid to the then shareholders of Optima Werkz Pte. Ltd. and for the purpose of anti-dilution in respect of API's shareholding in the Company, issued 450,000 ordinary shares and credited as fully-paid to API.

(iv) Pursuant to the written resolutions of the shareholders passed on 18 September 2019, the authorised share capital of the Company was increased from HK$380,000 divided into 38,000,000 shares to HK$160,000,000 divided into 16,000,000,000 shares of a par value of HK$0.01 each by the creation of an additional of 15,962,000,000 shares.

Immediately following the completion of the Capitalisation Issue and the Share Offer (assuming that the Offer Size Adjustment Option is not exercised and without taking into account any Share which may be issued pursuant to the Share Option Scheme), the total issued share capital of the Company will be HK$8,500,000 divided into 850,000,000 Shares of HK$0.01 each, fully-paid or credited as fully-paid, with 15,150,000,000 Shares which the Company is authorised to issue, remaining unissued.

(v) On 11 October 2019, the Company issued a total of 250,000,000 ordinary shares of HK$0.01 each at a price of HK$0.24 per share as a result of completion of the Share Offer. The gross proceeds from the Share Offer of HK$60,000,000 representing the par value of HK$2,500,000 (equivalent to approximately SGD440,000) credited to the Company's share capital and share premium of HK$57,500,000 (equivalent to approximately SGD10,132,000), which was used for deduction of share issuance expenses of HK$20,760,000 (equivalent to approximately SGD3,598,000). After the share premium account of the Company being credited as a result of the Share Offer, HK$5,900,000 (equivalent to approximately SGD1,040,000) was capitalised from the share premium account and applied in paying up in full 590,000,000 shares which was allotted and issued to the then shareholders. The Company's total number of issued shares was increased to 850,000,000 shares upon completion of the Share Offer.

24. RESERVES

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

Share premium

Share premium of the Company and the Group is the excess of the cash proceeds received over the nominal value of the ordinary shares of the Company issued at a premium, less the amount of expenses incurred in connection with the issue of the ordinary shares (Note 23(ii)).

Merger reserve

Merger reserve of the Group represents the differences between the share capital of Optima Werkz Pte. Ltd. and the nominal value of the ordinary shares issued by the Company in acquiring Optima Werkz Pte. Ltd. (Note 23(iii)) upon the completion of the Reorganisation.

Merger reserve of the Company represents the differences between the carrying amount of the net assets of Optima Werkz Pte. Ltd. and its subsidiaries and the nominal value of the ordinary shares issued by the Company in acquiring Optima Werkz Pte. Ltd. (Note 23(iii)) upon the completion of the Reorganisation.

Other reserve

Other reserve as at 31 December 2019 and 2018 included the difference between the consideration received/paid and the carrying amount of net assets attributable to the reduction/increase of equity interest in Optima Carz Pte. Ltd. (Note 25).

On 28 April 2018, the Group has acquired the remaining 45% equity interests in Optima Carz Pte. Ltd. , an indirect non-wholly subsidiary of the Group, at a cash consideration of SGD300,000, which was determined with reference to the carrying amount of net assets of Optima Carz Pte. Ltd. and an increase of equity attributable to owners of the Company amounted to SGD9,000 was recorded in other reserve. The Group had no non-controlling interests since then and as at 31 December 2019 and 2018.

Notes to the Consolidated Financial Statements

24. RESERVES *(Continued)*

The Company

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

	Share capital SGD'000	Share premium SGD'000	Merger reserve SGD'000	Accumulated losses SGD'000	Total SGD'000
Balance as at 1 January 2018	–	–	–	–	–
Incorporation as at 14 March 2018	2	–	–	–	2
Capital injection (Note 23(ii))	–#	1,693	–	–	1,693
Issue of shares upon group reorganisation (Note 23(iii))	15	–	5,195	–	5,210
Balance as at 31 December 2018 and 1 January 2019	17	1,693	5,195	–	6,905
Loss and total comprehensive income for the year	–	–	–	(4,688)	(4,688)
Issue of shares upon initial public offering (Note 23(v))	440	10,132	–	–	10,572
Transaction costs attributable to issue of new shares (Note 23(v))	–	(3,598)	–	–	(3,598)
Capitalisation issue (Note 23(v))	1,040	(1,040)	–	–	–
Balance as at 31 December 2019	1,497	7,187	5,195	(4,688)	9,191

Represents amount less than SGD1,000

25. NON-CONTROLLING INTERESTS

Optima Carz Pte. Ltd. was a 55% indirectly owned subsidiary of the Company. Summarised financial information in relation to the post-acquisition non-controlling interests of Optima Carz Pte. Ltd., before inter-group eliminations, is presented below:

	2019 SGD'000	2018 SGD'000
For the year ended		
Revenue	**N/A**	803
Profit and total comprehensive income for the year, before depreciation and impairment (net of tax)	**N/A**	90
Profit and total comprehensive income for the year, after depreciation and impairment (net of tax)	**N/A**	67
Profit allocated to non-controlling interests	**N/A**	30
Dividend paid to non-controlling interests	**N/A**	–
For the year ended		
Cash outflow from operating activities	**N/A**	(200)
Cash outflow from investing activities	**N/A**	–
Cash outflow from financing activities	**N/A**	(11)
Net cash outflow	**N/A**	(211)

	2019 SGD'000	2018 SGD'000
Current assets	**N/A**	N/A
Non-current assets	**N/A**	N/A
Current liabilities	**N/A**	N/A
Non-current liabilities	**N/A**	N/A
Profit allocated to non-controlling interests	**N/A**	N/A
Accumulated non-controlling interests	**N/A**	N/A

On 28 April 2018, the Group has acquired the remaining 45% equity interests in Optima Carz Pte. Ltd., at a cash consideration of SGD300,000, which was determined with reference to the carrying amount of net assets of Optima Carz Pte. Ltd. and an increase of equity attributable to owners of the Company amounted to SGD9,000 was recorded in other reserve. The Group had no non-controlling interests since then and as at 31 December 2019 and 2018.

Notes to the Consolidated Financial Statements

26. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	2019 SGD'000	2018 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries		**5,212**	5,212
Amount due from a subsidiary		**308**	1,693
Total non-current assets		**5,520**	6,905
Current assets			
Prepayments		**231**	–
Cash and cash equivalents		**3,516**	–
Total current assets		**3,747**	–
Current liabilities			
Other payables		**76**	–
Net current assets		**3,671**	–
Net assets		**9,191**	6,905
EQUITY			
Share capital	23	**1,497**	17
Accumulated losses		**(4,688)**	–
Merger reserve	24	**5,195**	5,195
Share premium	24	**7,187**	1,693
Total equity		**9,191**	6,905

Ang Lay Keong (Hong Liqiang)	**Goh Duo Tzer (Wu Duoze)**
Director	Director

27. INVESTMENT IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2019 and 2018 are set out below:

Name of subsidiary	Place and date of incorporation	Place of operations	Issued and paid-up capital	Effective interest held by the Company				Principal activities
				2019		2018		
				Directly	Indirectly	Directly	Indirectly	
Optima International Limited	Incorporated in the British Virgin Islands on 16 March 2018	The British Virgin Islands	US$100	**100%**	**-**	100%	–	Investment holding
Optima Werkz Pte. Ltd.	Incorporated in Singapore on 18 May 2012	Singapore	SGD2,662,472	**-**	**100%**	–	100%	Repair and maintenance (including installation of parts of accessories) and spray printing of motor vehicles
Optima De Auto Pte. Ltd.	Incorporated in Singapore on 22 August 2013	Singapore	SGD10,000	**-**	**100%**	–	100%	Repair and maintenance (including installation of parts of accessories) and spray printing of motor vehicles
Optima Carz Pte. Ltd. (Note)	Incorporated in Singapore on 24 October 2014	Singapore	SGD1,000	**-**	**100%**	–	100%	Repair and maintenance (including installation of parts of accessories)
Optima Werkz International Pte. Ltd.	Incorporated in Singapore on 23 September 2015	Singapore	SGD10,000	**-**	**100%**	–	100%	Retail sale of spare parts and accessories of motor vehicles

Note:

During the year ended 31 December 2018, the Group indirectly held 55% equity interests in Optima Carz Pte. Ltd. and has further acquired the remaining 45% equity interests on 28 April 2018 (Note 25).

28. OPERATING LEASE COMMITMENTS

The Group as lessee

As at 31 December 2019 and 2018, the total future minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings are as follows:

	2019	2018
	SGD'000	SGD'000
Within one year	**–**	1,773
In the second to fifth years	**–**	1,625
	–	3,398

28. OPERATING LEASE COMMITMENTS *(Continued)*

The Group as lessee *(Continued)*

The Group leased certain properties under operating leases in Singapore. The leases run for an initial period of one year to four years as at 31 December 2019 and 2018, with an option to renew the lease and renegotiate the terms at the expiry date or at dates as mutually agreed between the Group and respective landlords/lessors and do not include any terms of contingent rentals.

The Group is the lessee in respect of properties for own use held under leases which were previously classified as operating leases under HKAS 17. The Group has initially applied HKFRS 16 using the modified retrospective approach. Under this approach, the Group adjusted the opening balances at 1 January 2019 to recognise lease liabilities relating to these leases (see Note 3(a)(i)). From 1 January 2019 onwards, future lease payments are recognised as lease liabilities in the consolidated statement of financial position in accordance with the policies set out in Note 3(a)(i).

The Group as lessor

Certain of the Group's motor vehicles were leased to a number of customers. The rental income during the years ended 31 December 2019 and 2018 were SGD2,555,000 and SGD2,454,000 respectively. As at the end of the reporting period, the minimum rent receivables of the Group under non-cancellable operating leases in respect of motor vehicles are as follows:

	2019 **SGD'000**	2018 SGD'000
Not later than one year	**2,092**	2,097
Later than one year and not later than two years	**1,889**	596
Later than two years and not later than three years	**1,092**	1,534
Later than three years and not later than four years	**2**	–
	5,075	4,227

29. CAPITAL COMMITMENTS

As at 31 December 2019, the Group had capital commitments of SGD1,500,000 (2018: nil) contracted but not provided for the long-term investment with details set out in Note 17.

30. RELATED PARTY TRANSACTIONS

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

(i) Significant related party transactions

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

30. RELATED PARTY TRANSACTIONS *(Continued)*

(ii) Personal guarantee by a director

The Group's bank borrowings and motor vehicles under finance leases were secured by way of personal guarantee of an executive director of the Company.

(iii) Compensation of key management

Remuneration of key management personnel, who are directors of the Company, during the years ended 31 December 2019 and 2018 were disclosed in Note 12.

31. MAJOR NON-CASH TRANSACTIONS

During the year ended 31 December 2018, property, plant and equipment with net carrying amount of SGD195,000 was disposed of at net loss amounting to SGD45,000 and was partly satisfied by cash proceeds of SGD37,000 and derecognition of finance lease obligations of SGD113,000 and was a non-cash transaction.

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2019 **SGD'000**	2018 SGD'000
Financial assets		
Financial assets at amortised cost (Note)		
– Trade and other receivables	**3,938**	4,055
– Cash and cash equivalents	**6,343**	3,031
	10,281	7,086
Financial liabilities		
Financial liabilities at amortised cost (Note)		
– Trade and other payables	**2,638**	4,002
– Bank borrowings	**810**	974
– Finance lease obligations	**–**	6,907
– Lease liabilities	**7,266**	–
	10,714	11,883

32. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY *(Continued)*

Note:

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

33. FINANCIAL RISK MANAGEMENT AND CAPITAL MANAGEMENT

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

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

(a) Credit risk

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

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

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

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

(a) Credit risk *(Continued)*

The Group applies the simplified approach to providing for ECLs prescribed by HKFRS 9, which permits the use of lifetime expected credit losses provision for all trade receivables. To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics and the days past due. Expected loss rate of current trade receivables is assessed to be 0.1% (2018: 0.1%). The ECLs for trade receivables past due within 90 days is assessed to be 1% (2018: 1%) and within 180 days is assessed to be 2% (2018: 2%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 6% (2018: 5%) and over 365 days is assessed to be 12% (2018: 10%). The directors of the Company assessed and measured ECLs based on reasonable and supportable information that is available without undue cost or effort about past events, current conditions and forecasts of future economic conditions as at 31 December 2019 and 2018. The directors assessed the risk or probability that a credit loss will occur by grouping different debtors of similar risk characteristics and taking into consideration the history of default that the amount of irrecoverable debts remained minimal and did not fluctuate significantly as at 31 December 2019 and 2018. Moreover, the Group's operations are solely conducted in Singapore and there has not been any significant adverse events which affected the economy of Singapore during the years ended 31 December 2019 and 2018 and it is expected that the future economic conditions of Singapore will continue to remain steady. The movement of loss allowance for these balances as at 31 December 2019 and 2018 is set out in Note 17.

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

	Gross carrying amount SGD'000	Specific allowance SGD'000	Carrying amount after specific allowance SGD'000	Expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2019						
Past due but not impaired	251	–	251	0.1	–#	251
Less than 60 days	636	(97)	539	1	(5)	534
61 – 90 days	95	–	95	1	(1)	94
91 – 180 days	1,201	(18)	1,183	2	(24)	1,159
181 – 365 days	177	(3)	174	6	(10)	164
Over 365 days	394	(236)	158	12	(19)	139
	2,754	(354)	2,400		(59)	2,341

Represents amount less than SGD1,000

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

(a) Credit risk *(Continued)*

	Gross carrying amount SGD'000	Specific allowance SGD'000	Carrying amount after specific allowance SGD'000	Expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2018						
Past due but not impaired	894	–	894	0.1	(1)	893
Less than 60 days	867	–	867	1	(9)	858
61 – 90 days	338	–	338	1	(3)	335
91 – 180 days	506	–	506	2	(10)	496
181 – 365 days	404	–	404	5	(20)	384
Over 365 days	611	(117)	494	10	(50)	444
	3,620	(117)	(3,503)		(93)	3,410

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

There is no significant change in the gross carrying amounts of trade receivables contributed to the increase in the impairment allowance during the years ended 31 December 2019 and 2018.

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

Other financial assets at amortised cost include deposits and other receivables. As at the end of the reporting period, the internal credit rating of other receivables were performing. The Group has assessed that the expected credit losses for these receivables are not material under the lifetime expected credit losses method, as these financial assets are considered to have low credit risk. Thus, no loss allowance was recognised during the years ended 31 December 2019 and 2018.

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

(a) Credit risk *(Continued)*

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

		2019		2018
		% of total		% of total
		trade		trade
	SGD'000	receivables	SGD'000	receivables
Largest customer	**639**	**27%**	546	16%
Five largest customers	**1,401**	**60%**	1,913	56%

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

The credit policies have been consistently applied during the years ended 31 December 2019 and 2018 and are considered to be effective in managing the Group's exposure.

(b) Interest rate risk

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

All of the Group's bank borrowings as at 31 December 2019 and 2018 bore interest at floating rates whereas its finance lease obligations and lease liabilities bore interest at fixed rates. Details of bank borrowings and lease liabilities are disclosed in Notes 20 and 15(b) respectively.

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

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

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

(b) Interest rate risk *(Continued)*

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

	Increase/(decrease) in net loss and decrease/ (increase) in retained earnings	
	2019	2018
	SGD'000	SGD'000
Changes in interest rate		
+1%	**33**	10
–1%	**(33)**	(10)

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

(c) Liquidity risk

Liquidity risk relates to the risk that the Group will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group is exposed to liquidity risk in respect of settlement of trade and other payables, its financing obligations and lease liabilities, and also in respect of its cash flow management. The Group's policy is to regularly monitor its liquidity requirements to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirements in the short and longer term. The liquidity policy has been followed by the Group consistently during the years ended 31 December 2019 and 2018 and is considered to be effective in managing liquidity risks.

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

(c) Liquidity risk *(Continued)*

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

	Carrying amount SGD'000	Total contractual undiscounted cash flow SGD'000	Within 1 year or on demand SGD'000	More than 1 year but less than 2 years SGD'000	More than 2 years but less than 5 years SGD'000	More than 5 years SGD'000
As at 31 December 2019						
Trade and other payables	**2,638**	**2,638**	**2,638**	**–**	**–**	**–**
Bank borrowings	**810**	**890**	**202**	**202**	**486**	**–**
Lease liabilities	**7,266**	**7,579**	**3,861**	**2,718**	**1,000**	**–**
	10,714	**11,107**	**6,701**	**2,920**	**1,486**	**–**

	Carrying amount SGD'000	Total contractual undiscounted cash flow SGD'000	Within 1 year or on demand SGD'000	More than 1 year but less than 2 years SGD'000	More than 2 years but less than 5 years SGD'000	More than 5 years SGD'000
As at 31 December 2018						
Trade and other payables	4,002	4,002	3,906	–	96	–
Bank borrowings	974	1,088	201	201	602	84
Finance lease obligations	6,907	7,279	2,403	2,320	2,556	–
	11,883	12,369	6,510	2,521	3,254	84

(d) Currency risk

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

(e) Capital management

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

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

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

(e) Capital management *(Continued)*

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

The gearing ratios as at 31 December 2019 and 2018 were as follows:

	2019	2018
	SGD'000	SGD'000
Bank borrowings, secured	**810**	974
Finance lease obligations	**–**	6,907
Lease liabilities	**7,266**	–
Total debts	**8,076**	7,881
Total equity	**11,722**	6,905
Gearing ratio	**0.7 times**	1.1 times

34. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

For the year ended 31 December 2019	**At the beginning of the year SGD'000**	**Reclassification SGD'000**	**Addition SGD'000**	**Interest accrued SGD'000**	**Interest paid under operating cash flows SGD'000**	**Financing cash flows SGD'000**	**At the end of the year SGD'000**
Finance lease obligations	**6,907**	**(6,907)**	**–**	**–**	**–**	**–**	**–**
Lease liabilities	**3,185**	**6,907**	**1,186**	**337**	**(337)**	**(4,012)**	**7,266**
Bank borrowings, secured	**974**	**–**	**–**	**39**	**(39)**	**(164)**	**810**

For the year ended 31 December 2018	At the beginning of the year SGD'000	Addition SGD'000	Interest accrued SGD'000	Interest paid under operating cash flows SGD'000	Financing cash flows SGD'000	Derecognition SGD'000	At the end of the year SGD'000
Finance lease obligations	9,332	–	283	(283)	(2,312)	(113)	6,907
Bank borrowings, secured	727	–	40	(40)	247	–	974

35. SUBSEQUENT EVENTS

Other than those disclosed elsewhere in the consolidated financial statements, the Group has the following significant event after the reporting period:

1. 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 joint venture in Thailand. Pursuant to the partnership agreement of the joint venture, Optima Werkz Pte. Ltd. will contribute THB4,800,000 (equivalent to approximately SGD216,000) in cash and Wealth Firm Holding Co., Ltd. will contribute THB7,200,000 (equivalent to approximately SGD324,000) in cash, representing 40% and 60% contribution of total investment amount in the joint venture respectively. The investment in the joint venture was not complete up to the report date and expected to complete no later than 31 December 2020.

2. There has been an outbreak of pneumonia caused by a new coronavirus which was subsequently named as COVID-19 by the World Health Organisation ("**WHO**") since the beginning of the year 2020. On 30 January 2020, WHO declared the outbreak of COVID-19 to constitute a public health emergency of international concern. WHO has characterised COVID-19 as a pandemic on 11 March 2020. The governments and authorities in many cities and countries in the globe including Singapore have implemented various severe measures in controlling the spread of COVID-19 such as imposing travel restrictions and quarantine arrangements to travellers, home confinement of residents and border controls that adversely affect the social and business activities of Singapore which in turn significantly reduce the demand for the Group's services. The Group's business may continue to be affected if the control measures are not lifted. The duration and intensity of this global health emergency and related disruptions are uncertain. Given the dynamic nature of these circumstances, the related adverse impact caused by the severe control measures on the Group's operations, financial performance, cash flows and financial position for the year 2020 will be material, but cannot be reasonably estimated as at the date of approval of this set of consolidated financial statements.

   The implementations of severe control measures in response to the pandemic of COVID-19 are a non-adjusting events after the financial year end and do not result in any adjustments to the consolidated financial statements for the year ended 31 December 2019.

Summary of Financial Information

The following is a summary of the published results and assets and liabilities of the Group for the last four financial years. The financial information for the years ended 31 December 2018 and 2019 is extracted from the consolidated financial statements in this annual report while the relevant information for the years ended 31 December 2016 and 2017 is extracted from the Prospectus.

RESULTS:

	Years ended 31 December			
	2019	2018	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	**16,634**	17,985	18,641	16,335
(Loss)/Profit before income tax expense	**(1,981)**	93	2,224	1,911
Income tax expense	**(176)**	(336)	(318)	(482)
(Loss)/Profit and total comprehensive income for the year	**(2,157)**	(243)	1,906	1,429

ASSETS AND LIABILITIES:

	As at 31 December			
	2019	2018	2017	2016
	SGD'000	SGD'000	SGD'000	SGD'000
Total non-current assets	**12,292**	10,532	12,506	7,205
Total current assets	**10,942**	9,221	9,980	5,902
Total current liabilities	**7,149**	6,610	8,450	6,213
Total non-current liabilities	**4,363**	6,238	8,281	4,271
Total equity	**11,722**	6,905	5,755	2,623