



**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



**THIRD QUARTERLY REPORT  
2020**

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

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

#### Executive Directors

- Mr. Ang Lay Keong (Hong Liqiang)  
(*Chairman and Chief Executive Officer*)
- Ms. Lim Li Ling (Lin Liling)
- Ms. Tan Peck Luan  
(resigned on 28 February 2020)
- Mr. Goh Duo Tzer (Wu Duoze)  
(appointed on 28 February 2020)
- Ms. Nie Li (appointed on 18 May 2020)
- Ms. Lin Xiaojuan  
(appointed on 24 August 2020)

#### Independent Non-Executive Directors

- Mr. Chu Kin Ming
- Ms. Liang Weizhang  
(resigned on 18 May 2020)
- Mr. Ong Kar Loon (Wang Jialun)  
(appointed on 18 May 2020)
- Mr. Tang Chi Chiu  
(resigned on 24 September 2020)
- Ms. Tan Meng Choon  
(appointed on 24 September 2020)

#### AUDIT COMMITTEE

- Mr. Tang Chi Chiu (*Chairman*)  
(resigned on 24 September 2020)
- Mr. Chu Kin Ming (*Chairman*)
- Ms. Liang Weizhang  
(resigned on 18 May 2020)
- Mr. Ong Kar Loon (Wang Jialun)  
(appointed on 18 May 2020)
- Ms. Tan Meng Choon  
(appointed on 24 September 2020)

### REMUNERATION COMMITTEE

- Ms. Tan Meng Choon (*Chairlady*)  
(appointed on 24 September 2020)
- Ms. Liang Weizhang (*Chairlady*)  
(resigned on 18 May 2020)
- Mr. Ong Kar Loon (Wang Jialun)  
(appointed on 18 May 2020)
- Mr. Chu Kin Ming
- Mr. Tang Chi Chiu  
(resigned on 24 September 2020)

### NOMINATION COMMITTEE

- Ms. Liang Weizhang (*Chairlady*)  
(resigned on 18 May 2020)
- Mr. Ong Kar Loon (Wang Jialun) (*Chairman*)  
(appointed on 18 May 2020)
- Mr. Ang Lay Keong (Hong Liqiang)
- Mr. Chu Kin Ming  
(resigned on 24 September 2020)
- Ms. Tan Meng Choon  
(appointed on 24 September 2020)

### COMPLIANCE OFFICER

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

### COMPANY SECRETARY

- Mr. Chan Tsang Mo, *HKICPA*

### AUTHORISED REPRESENTATIVES

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

## **AUDITORS**

BDO Limited  
*Certified Public Accountants  
(Public Interest Entity Auditor registered  
in accordance with the Financial  
Reporting Council Ordinance)*  
25th Floor, Wing On Centre  
111 Connaught Road Central  
Hong Kong

## **COMPLIANCE ADVISER**

Orient Capital (Hong Kong) Limited  
28/F-29/F, 100 Queen's 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  
UOB Plaza 1, #07-01  
Singapore 048624

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

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

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

6 Kung Chong Road  
Alexandra Industrial Estate  
Singapore 159143

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

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

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

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

## **STOCK CODE**

8418

## **COMPANY'S WEBSITE ADDRESS**

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

## THIRD QUARTERLY RESULTS

The board of Directors (the “**Board**”) is pleased to announce the unaudited condensed consolidated financial results of the Company and its subsidiaries (the “**Group**”) for the nine months ended 30 September 2020 with comparative figures for the corresponding periods in 2019 as follows:

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

*For the three months and nine months ended 30 September 2020*

|   | Notes | Three months ended<br>30 September |                        | Nine months ended<br>30 September |                        |
|---|-------|------------------------------------|------------------------|-----------------------------------|------------------------|
|   |       | 2020                               | 2019                   | 2020                              | 2019                   |
|   |       | SGD'000<br>(Unaudited)             | SGD'000<br>(Unaudited) | SGD'000<br>(Unaudited)            | SGD'000<br>(Unaudited) |
| <b>Revenue</b>  | 3     | <b>4,764</b>                       | 5,358                  | <b>10,890</b>                     | 13,335                 |
| <b>Other income and gains</b>                         | 4     | <b>157</b>                         | 33                     | <b>672</b>                        | 224                    |
| <b>Share of losses of associates<br/>(net of tax)</b> |       | <b>(12)</b>                        | -                      | <b>-</b>                          | -                      |
| <b>Items of expenses</b>                              |       |                                    |                        |                                   |                        |
| Cost of materials used                                |       | (2,201)                            | (1,441)                | (4,118)                           | (3,658)                |
| Marketing and advertising<br>expenses                 |       | (88)                               | (15)                   | (120)                             | (112)                  |
| Employee benefit expenses                             |       | (1,009)                            | (1,458)                | (3,108)                           | (3,842)                |
| Depreciation of property, plant<br>and equipment      |       | (89)                               | (107)                  | (242)                             | (276)                  |
| Impairment of right-of-use assets                     |       | -                                  | -                      | (170)                             | -                      |
| Depreciation of right-of-use assets                   |       | (593)                              | (823)                  | (1,970)                           | (2,386)                |
| Impairment of trade receivables                       |       | -                                  | (5)                    | (789)                             | (24)                   |
| Finance costs   | 5     | (78)                               | (91)                   | (224)                             | (288)                  |
| Listing expenses                                      |       | -                                  | (434)                  | -                                 | (848)                  |
| Short-term lease expenses                             |       | (20)                               | (18)                   | (196)                             | (134)                  |
| Other expenses  |       | (480)                              | (400)                  | (1,409)                           | (1,195)                |

|   | Notes | Three months ended<br>30 September |                                | Nine months ended<br>30 September |                                |
|---|-------|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|   |       | 2020<br>SGD'000<br>(Unaudited)     | 2019<br>SGD'000<br>(Unaudited) | 2020<br>SGD'000<br>(Unaudited)    | 2019<br>SGD'000<br>(Unaudited) |
| Profit/(Loss) before income tax<br>(expense)/credit               | 6     | 351                                | 599                            | (784)                             | 796                            |
| Income tax (expense)/credit                                       | 7     | (8)                                | (212)                          | 4                                 | (362)                          |
| Profit/(Loss) and total<br>comprehensive income<br>for the period |       | 343                                | 387                            | (780)                             | 434                            |
| <b>Profit/(Loss) attributable to:</b>                             |       |                                    |                                |                                   |                                |
| Owners of the Company   |       | 343                                | 387                            | (780)                             | 434                            |
| <b>Total comprehensive income<br/>attributable to:</b>            |       |                                    |                                |                                   |                                |
| Owners of the Company   |       | 343                                | 387                            | (780)                             | 434                            |
| Earnings/(Losses) per share                                       |       |                                    |                                |                                   |                                |
| – Basic and diluted (SGD cents)                                   |       | \$0.04                             | \$0.06                         | (\$0.09)                          | \$0.07                         |

## UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the nine months ended 30 September 2020

|  | Total equity attributable to owners of the Company |                          |                           |                          |   |                         |
|--|--|--------------------------|---------------------------|--------------------------|---|-------------------------|
|  | Share capital<br>SGD'000                           | Share premium<br>SGD'000 | Merger reserve<br>SGD'000 | Other reserve<br>SGD'000 | Retained earnings/<br>(Accumulated losses)<br>SGD'000 | Total equity<br>SGD'000 |
| <b>Balance as at 31 December 2018 and 1 January 2019 (audited)</b> | 17   | 1,693                    | 2,645                     | (103)                    | 2,653   | 6,905                   |
| Profit and total comprehensive income for the period               | -  | -                        | -                         | -                        | 434   | 434                     |
| <b>Balance as at 30 September 2019 (unaudited)</b>                 | 17   | 1,693                    | 2,645                     | (103)                    | 3,087   | 7,339                   |
| <b>Balance as at 31 December 2019 and 1 January 2020 (audited)</b> | 1,497  | 7,187                    | 2,645                     | (103)                    | 496   | 11,722                  |
| Loss and total comprehensive income for the period                 | -  | -                        | -                         | -                        | (780)   | (780)                   |
| <b>Balance as at 30 September 2020 (unaudited)</b>                 | 1,497  | 7,187                    | 2,645                     | (103)                    | (284)   | 10,942                  |



# NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL INFORMATION

Optima Automobile Group Holdings Limited (the “**Company**”) was incorporated as an exempted company with limited liability in the Cayman Islands on 14 March 2018. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, 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 30 September 2020, the immediate holding company of the Company was Red Link International Limited, a limited liability incorporated in the British Virgin Islands. The directors of the Company considered the ultimate holding company to be Red Link International Limited.

## 2. BASIS OF PRESENTATION AND PREPARATION

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

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

The unaudited condensed consolidated financial statements are prepared on the historical cost basis. It should be noted that accounting estimates and assumptions are used in preparation of the unaudited condensed consolidated financial statements. Although these estimates are based on management’s best knowledge and judgment of current events and actions, actual results may ultimately differ from those estimates and assumptions.

### **Basis of consolidation**

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

A subsidiary is an investee over which the Company is able to exercise control. The Company controls an investee if all three of the following elements are present: power over the investee, exposure or rights to variable returns from the investee, and the ability to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control.

Goodwill arising on acquisition is recognised as an asset at the acquisition date and initially measured at the excess of the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest (if any) in the entity over net acquisition-date fair value amounts of the identifiable assets acquired and the liabilities and contingent liabilities assumed. If, after reassessment, the net fair value of the acquiree's identifiable net assets exceeds the sum of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase.

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

### 3. REVENUE

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

|   | Three months ended<br>30 September |                                | Nine months ended<br>30 September |                                |
|---|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|   | 2020<br>SGD'000<br>(Unaudited)     | 2019<br>SGD'000<br>(Unaudited) | 2020<br>SGD'000<br>(Unaudited)    | 2019<br>SGD'000<br>(Unaudited) |
| <i>Revenue from Contracts with Customers within the scope of HKFRS 15</i> |                                    |                                |                                   |                                |
| Service income  | 2,930                              | 3,925                          | 7,840                             | 9,510                          |
| Warranty income   | 91                                 | 381                            | 300                               | 1,093                          |
| Automotive supply income  | 1,162                              | 413                            | 1,389                             | 829                            |
| <i>Revenue from other sources</i>   |                                    |                                |                                   |                                |
| Car rental income   | 581                                | 639                            | 1,361                             | 1,903                          |
|   | <b>4,764</b>                       | <b>5,358</b>                   | <b>10,890</b>                     | <b>13,335</b>                  |
| <i>Disaggregation by timing of revenue recognition</i>                    |                                    |                                |                                   |                                |
| Over time   | 3,021                              | 4,306                          | 8,140                             | 10,603                         |
| Point in time   | 1,162                              | 413                            | 1,389                             | 829                            |
|   | <b>4,183</b>                       | <b>4,719</b>                   | <b>9,529</b>                      | <b>11,432</b>                  |

#### 4. OTHER INCOME AND GAINS

|  | Three months ended<br>30 September |                        | Nine months ended<br>30 September |                        |
|--|------------------------------------|------------------------|-----------------------------------|------------------------|
|  | 2020                               | 2019                   | 2020                              | 2019                   |
|  | SGD'000<br>(Unaudited)             | SGD'000<br>(Unaudited) | SGD'000<br>(Unaudited)            | SGD'000<br>(Unaudited) |
| Government grants                                    | 136                                | 16                     | 607                               | 69                     |
| COE encashment                                       | -                                  | -                      | 15                                | -                      |
| Reversal of impairment of<br>trade receivables       | 3                                  | -                      | 5                                 | 19                     |
| Gain on disposal of property, plant<br>and equipment | 1                                  | -                      | 1                                 | -                      |
| Others   | 17                                 | 17                     | 44                                | 136                    |
|  | <b>157</b>                         | <b>33</b>              | <b>672</b>                        | <b>224</b>             |

#### 5. FINANCE COSTS

|   | Three months ended<br>30 September |                        | Nine months ended<br>30 September |                        |
|---|------------------------------------|------------------------|-----------------------------------|------------------------|
|   | 2020                               | 2019                   | 2020                              | 2019                   |
|   | SGD'000<br>(Unaudited)             | SGD'000<br>(Unaudited) | SGD'000<br>(Unaudited)            | SGD'000<br>(Unaudited) |
| Interest element of finance lease<br>payments | -                                  | 48                     | -                                 | 154                    |
| Interest element of lease liabilities         | 73                                 | 33                     | 204                               | 104                    |
| Interest on bank borrowings                   | 5                                  | 10                     | 20                                | 30                     |
|   | <b>78</b>                          | <b>91</b>              | <b>224</b>                        | <b>288</b>             |

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

|  | Three months ended<br>30 September |                                | Nine months ended<br>30 September |                                |
|--|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|  | 2020<br>SGD'000<br>(Unaudited)     | 2019<br>SGD'000<br>(Unaudited) | 2020<br>SGD'000<br>(Unaudited)    | 2019<br>SGD'000<br>(Unaudited) |
| Profit/(Loss) before income tax<br>(expense)/credit is arrived at<br>after charging/(crediting): |                                    |                                |                                   |                                |
| Auditor's remuneration   | 18                                 | 10                             | 53                                | 32                             |
| Cost of inventories recognised as<br>expenses  | 2,201                              | 1,441                          | 4,118                             | 3,658                          |
| Depreciation of right-of-use assets  | 593                                | 823                            | 1,970                             | 2,386                          |
| Depreciation of property,<br>plant and equipment   | 89                                 | 107                            | 242                               | 276                            |
| Employee benefit expenses<br>(including directors' emoluments)                                   |                                    |                                |                                   |                                |
| – Salaries, allowances and<br>other benefits   | 931                                | 1,348                          | 2,867                             | 3,553                          |
| – Contributions to defined<br>contribution retirement plan                                       | 78                                 | 110                            | 241                               | 289                            |
| <b>– Total</b>   | <b>1,009</b>                       | <b>1,458</b>                   | <b>3,108</b>                      | <b>3,842</b>                   |
| Impairment of right-of-use assets  | –                                  | –                              | 170                               | –                              |
| Impairment of trade receivables  | –                                  | 5                              | 789                               | 24                             |
| Reversal of impairment of<br>trade receivables   | (3)                                | –                              | (5)                               | (19)                           |
| Bad debts written off  | 1                                  | –                              | 1                                 | –                              |
| Gain on disposal of<br>property, plant and equipment   | (1)                                | –                              | (1)                               | –                              |
| Operating lease payments<br>in respect of leased premises  | 20                                 | 18                             | 196                               | 134                            |

## 7. INCOME TAX (EXPENSE)/CREDIT

|  | Three months ended<br>30 September |                                | Nine months ended<br>30 September |                                |
|--|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|  | 2020<br>SGD'000<br>(Unaudited)     | 2019<br>SGD'000<br>(Unaudited) | 2020<br>SGD'000<br>(Unaudited)    | 2019<br>SGD'000<br>(Unaudited) |
| Current tax                                      |                                    |                                |                                   |                                |
| – Current period                                 | 8                                  | 208                            | 8                                 | 322                            |
| – Under provision in respect of<br>prior periods | –                                  | 4                              | –                                 | 17                             |
| Deferred tax                                     |                                    |                                |                                   |                                |
| – Current period                                 | –                                  | –                              | –                                 | 23                             |
| – Over provision in respect of<br>prior periods  | –                                  | –                              | (12)                              | –                              |
|  | <b>8</b>                           | <b>212</b>                     | <b>(4)</b>                        | <b>362</b>                     |

## 8. DIVIDENDS

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

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

|   | Three months ended<br>30 September |                                | Nine months ended<br>30 September |                                |
|---|------------------------------------|--------------------------------|-----------------------------------|--------------------------------|
|   | 2020<br>SGD'000<br>(Unaudited)     | 2019<br>SGD'000<br>(Unaudited) | 2020<br>SGD'000<br>(Unaudited)    | 2019<br>SGD'000<br>(Unaudited) |
| The basic and diluted (losses)/earnings per share for the period are calculated based on the following:<br>Profit/(Loss) attributable to owners of the Company for the period | <b>343</b>                         | 387                            | <b>(780)</b>                      | 434                            |
| Weighted average number of ordinary shares in issue <i>(Note)</i>   | <b>850,000,000</b>                 | 600,000,000                    | <b>850,000,000</b>                | 600,000,000                    |
| Basic and diluted (losses)/earnings per share (SGD cents)   | <b>\$0.04</b>                      | \$0.06                         | <b>(\$0.09)</b>                   | \$0.07                         |

Note: For the period ended 30 September 2020 and 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 850,000,000 (PE2019: 600,000,000) ordinary shares in issue. Diluted (losses)/earnings per share were the same as basic (losses)/earnings per share as there was no potential dilutive ordinary share in existence during the period ended 30 September 2020 and 2019.

**10. EVENT AFTER THE REPORTING PERIOD**

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

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

## MANAGEMENT DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

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

The coronavirus disease 2019 (“**COVID-19**”) outbreak has disrupted businesses and market uncertainties in affected regions and imposed a negative impact on economies. On a quarter-on-quarter seasonally-adjusted annualised basis, the Singapore economy shrank by 41.2% in the second quarter of 2020 due to Circuit Breaker (“**CB**”) measures implemented by the Singapore Government from 7 April 2020 to 1 June 2020 which included the suspension of non-essential services and closure of most workplace premises to reduce the local transmission of COVID-19 in Singapore, as well as weak external demand amidst a global economic downturn precipitated by COVID-19.

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

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



Sales of passenger car spare parts and accessories to overseas customers increased by approximately 67.6% in the nine months ended 30 September 2020 as compared to the nine months ended 30 September 2019. Shenzhen Aodi Taoche Automobile Trading Co., Ltd.\* (深圳傲迪淘車汽車貿易有限公司) (“**Shenzhen Aodi Taoche**”), a wholly-owned subsidiary of the Company commenced its activity to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China in July 2020. Sales of Shenzhen Aodi Taoche for the three months ended 30 September 2020 amounted to approximately S\$1.1 million.

## OUTLOOK

Since the outbreak of the COVID-19, the Singapore government has taken emergency public health measures and various actions to prevent the spread of COVID-19. Such measures led to extensive disruption to the regular operation of the Group in Singapore, and as a result, had an adverse impact on the Group’s financial performance. The Group faced a challenging operating environment as business and consumer sentiments have turned cautious amidst an economic downturn. Many consumers continued to work from home and have tightened their expenditure on perceived non-essential spending.

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

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

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

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

The Letter of Intent is not legally binding and is subject to the signing of a formal binding agreement within three months from the date of the Letter of Intent. Jintao Automobile and Shenzhen Aodi Taoche undertake to each other that they will only enter into negotiation with each other and will not, directly or indirectly, enter into any form of negotiation with any third parties in relation to the strategic cooperation during the effective period of the Letter of Intent. As the parties to the Letter of Intent require additional time to negotiate and finalise the terms of the strategic cooperation, the parties entered into an agreement on 30 October 2020, pursuant to which the parties agreed to extend the date to 30 November 2020 (or such later date as may be agreed in writing among the parties) for the signing of the formal binding agreement. Save and except such extension of the period to sign the formal binding agreement, all other terms of the Letter of Intent shall remain unchanged.

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

## **FINANCIAL REVIEW**

### **Revenue**

Revenue for the Group was approximately S\$10.8 million for the nine months ended 30 September 2020 (“**PE2020**”) as compared to approximately S\$13.3 million for the nine months ended 30 September 2019 (“**PE2019**”), a decrease of approximately S\$2.5 million. The decrease was mainly attributable to (i) lower revenue for after-market automotive services of approximately S\$2.5 million comprising a decrease in non-insured repair services of approximately S\$1.7 million and a decrease in warranty-related business of approximately S\$0.8 million and (ii) a decrease in car rental income of approximately S\$0.5 million, offset by an increase in sales of passenger car spare parts, accessories, automotive equipment and automobiles of approximately S\$0.5 million.

### **Cost of materials used**

In PE2020, the cost of materials used increased by approximately S\$0.4 million as compared to PE2019. This is due to the inclusion of the cost incurred by Shenzhen Aodi Taoche in its supply of automobile spare parts, accessories, equipment and automobiles to customers in Mainland China, which amounted to approximately S\$1.0 million. The average purchase prices of our cost of materials used in providing after-market automobile services have remained relatively stable for PE2020.

### **Employee benefit expenses**

The employee benefit expenses has decreased from approximately S\$3.8 million in PE2019 to approximately S\$3.1 million in PE2020 due to cost reduction initiatives.

### **Depreciation of right-of-use assets**

The decrease in depreciation of right-of-use assets from approximately S\$2.4 million in PE2019 to approximately S\$2.0 million in PE2020 was due to reduction in rental rates from landlords.

### **Impairment of trade receivables**

The Group recorded an additional impairment of trade receivables of approximately S\$0.8 million on the trade receivables from customers affected by the economic effects brought on by COVID-19 and a long-term car rental customer due to the Termination.

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

The recoverable amount of the Group's right-of-use assets was impaired as a result of the effects of COVID-19 on the Singapore economy. Hence the Group has recorded an additional impairment of right-of-use assets amounting to approximately S\$0.2 million for PE2020. There is no additional impairment recorded for the three months ended 30 September 2020.

## **Other expenses**

The increase in other expenses of approximately S\$0.2 million for PE2020 was mainly due to (i) increase in insurance expenses for the fleet of rental vehicles amounting to approximately S\$0.2 million; and (ii) increase in professionals fees of approximately S\$0.3 million, offset by (i) a decrease in cost of services of approximately S\$0.1 million; and (ii) increase in exchange gain of approximately S\$0.2 million.

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

The income tax credit for PE2020 arised from the reversal of the over-provision of deferred tax expense of a subsidiary in the Group offset by the current period provision for income tax of a subsidiary in Mainland China.

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

The Group recorded a loss and total comprehensive loss for PE2020 of approximately S\$0.8 million compared to a profit and total comprehensive income for PE2019 of approximately S\$0.4 million. The loss for the period was attributable to the combined effects of the decrease in revenue, increase in impairment of right-of-use assets and trade receivables.

## **Dividend**

The Board of Directors of the Company does not recommend the payment of an interim dividend in respect of the nine months ended 30 September 2020 (nine months ended 30 September 2019: Nil).

## Use of proceeds

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

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

| Use of the Net Proceeds                                    | Original allocation<br>(HK\$ million) | Revised allocation of Net Proceeds as at 4 May 2020<br>(HK\$ million) | Utilised Net Proceeds up to 31 December 2019<br>(HK\$ million) | Utilised  | Unutilised Net Proceeds up to 30 September 2020<br>(HK\$ million) | Expected timeline for the intended use |
|--|---------------------------------------|---|--|---|---|--|
|  |                                       |   |  | Net Proceeds during the nine months ended 30 September 2020<br>(HK\$ million) |   |  |
| Expanding servicing capacity                               | 5.5                                   | –   | –  | –   | –   | –                                      |
| Grow rental fleet  | 3.9                                   | 1.8   | –  | 1.8   | –   | –                                      |
| Strengthen service capabilities and operating efficiencies | 2.3                                   | 2.3   | –  | 1.1   | 1.2   | 1 Oct 2020 to 30 June 2021             |
| Brand building   | 0.2                                   | 0.2   | –  | –   | 0.2   | 1 Oct 2020 to 30 June 2021             |
| General working capital                                    | 1.3                                   | 8.9   | –  | 8.9   | –   | –                                      |
|  | <b>13.2</b>                           | <b>13.2</b>   | <b>–</b>   | <b>11.8</b>   | <b>1.4</b>  |  |

The expected timeline for utilising the unutilised proceeds is based on the Directors’ best estimation barring unforeseen circumstances, and would be subject to change based on the development of market conditions. The Company will continue to evaluate the plans for use of the Unutilised Net Proceeds and may revise or modify such plans where necessary against the changing market conditions to suit the business growth of the Group.

## CHARGES ON THE GROUP'S ASSETS

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

## OTHER INFORMATION

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

As at 30 September 2020, the interests and short positions of the Directors and the chief executive of the Company or any of their respective associates in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) have to be notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules, are as follows:

#### Long Positions

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

*Notes:*

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

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

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

So far as the Directors are aware, as at 30 September 2020, the persons (other than Directors or chief executive of the Company) who had interests in the Shares and underlying Shares of the Company within the meaning of Part XV of the SFO which are required to be disclosed pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO, or which will be required, pursuant to Section 336 of the SFO, to be entered in the register of the Company were as follows:

### Long Positions

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

#### Notes:

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



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

## **COMPETING INTERESTS**

For the nine months ended 30 September 2020, none of the Directors or the controlling shareholders of the Company or their close associates (as defined in the GEM Listing Rules) was interested in any business which competes or may compete, either directly or indirectly, with the Group’s business nor did they have any other conflicts of interest with the Group.

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

Neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company’s listed securities during the nine months ended 30 September 2020.

## **SHARE OPTION SCHEME**

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

No share option has been granted since the adoption of the Share Option Scheme and there is no share option outstanding as at 30 September 2020.

## DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Saved as disclosed in the paragraphs headed "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures of the Company or any associated corporations" and "Share Option Scheme" above, at no time during the nine months ended 30 September 2020 and up to the date of this report did the Directors and the chief executive of the Company or their respective associates (as defined under the GEM Listing Rules) have any interest in or exercise, or had been granted, any rights to subscribe for shares (or warrants or debentures, if applicable) of the Company and/or its associated corporations (within the meaning of the SFO).

Save as disclosed above, at no time during the nine months ended 30 September 2020 was the Company or any of its subsidiaries, associated companies, fellow subsidiaries or holding companies a party to any arrangements to enable the Directors or the chief executive of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

## DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct for securities transactions by Directors on terms as required by Rules 5.48 to 5.67 of the GEM Listing Rules ("**Required Standard of Dealings**"). The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors, all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings for the nine months ended 30 September 2020 and up to the date of this report.

## CORPORATE GOVERNANCE PRACTICES

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "CG Code") as contained in Appendix 15 of the GEM Listing Rules. Other than the deviation from code provision A.2.1, the Company has since then adopted and complied with, where applicable, the CG Code to ensure that the Group's business activities and decision-making processes are regulated in a proper and prudent manner.

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

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

Save as disclosed above, the Directors consider that up to the date of this report, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

## INTEREST OF THE COMPLIANCE ADVISER

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

## AUDIT COMMITTEE

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

The Audit Committee currently comprises of three independent non-executive directors, namely, Mr. Chu Kin Ming ("**Mr. Chu**"), Mr. Ong Kar Loon (Wang Jialun) and Tan Meng Choon. The chairman is Mr. Chu, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The third quarterly results of the Group for the nine months ended 30 September 2020 have not been audited. The Audit Committee has reviewed the unaudited condensed consolidated financial statements of the Group for the nine months ended 30 September 2020 and is of the opinion that the preparation of such statements complied with the applicable accounting standards, the requirements under the GEM Listing Rules and other applicable legal requirements, and that adequate disclosures had been made.

## CONTINUING DISCLOSURE OBLIGATIONS PURSUANT TO THE LISTING RULES

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

## EVENT AFTER THE REPORTING PERIOD

For event after the period under review, please refer to Note 10 to the Unaudited Condensed Consolidated Financial Statements in this report.

## APPRECIATION

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

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

Singapore, 10 November 2020

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

\* *For identification purposes only*