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 2021

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Contents

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Hu Wu'an (Chairman)
(appointed as executive Director and chairman on 6 January 2021 and 15 August 2021, respectively)
Mr. Ang Lay Keong (Hong Liqiang)
(Chief Executive Officer)
Ms. Lim Li Ling (Lin Liling)
Mr. Goh Duo Tzer (Wu Duoze)
Ms. Nie Li
Ms. Lin Xiaojuan

Independent Non-Executive Directors

Mr. Chu Kin Ming
Ms. Tan Meng Choon
Mr. Ong Kar Loon (Wang Jialun)
(resigned on 25 February 2021)
Mr. Chang Li-Chung
(appointed on 25 February 2021)

AUDIT COMMITTEE

Mr. Chu Kin Ming (Chairman)
Ms. Tan Meng Choon
Mr. Ong Kar Loon (Wang Jialun)
(resigned on 25 February 2021)
Mr. Chang Li-Chung
(appointed on 25 February 2021)

REMUNERATION COMMITTEE

Ms. Tan Meng Choon (Chairlady)
Mr. Chu Kin Ming
Mr. Ong Kar Loon (Wang Jialun)
(resigned on 25 February 2021)
Mr. Chang Li-Chung
(appointed on 25 February 2021)

NOMINATION COMMITTEE

Mr. Ong Kar Loon (Wang Jialun) (Chairman)
(resigned on 25 February 2021)
Mr. Chang Li-Chung (Chairman)
(appointed on 25 February 2021)
Mr. Ang Lay Keong (Hong Liqiang)
Ms. Tan Meng Choon

COMPLIANCE OFFICER

Mr. Goh Duo Tzer (Wu Duoze)

COMPANY SECRETARY

Mr. Chan Tsang Mo, CPA
(resigned on 30 September 2021)
Ms. Xu Jiayuan, CPA
(appointed on 30 September 2021)

AUTHORISED REPRESENTATIVES

Mr. Goh Duo Tzer (Wu Duoze)
Mr. Chan Tsang Mo, CPA
(resigned on 30 September 2021)
Ms. Xu Jiayuan, CPA
(appointed on 30 September 2021)

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

Corporate Information

COMPLIANCE ADVISER

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Marina Bay Financial Centre Tower 3
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HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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Level 54, Hopewell Centre
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HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

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Grand Cayman KY1-1111 Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

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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**") of the Company, I am pleased to present the annual report of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2021.

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.

The Group's business has been affected by the outbreak of the COVID-19 since early 2020. To combat the negative impacts of the COVID-19 on the Group's businesses, it is the Group's intention to strengthen its existing businesses and explore opportunities to enhance the growth prospects of the Group and create value for the shareholders of the Company (the "**Shareholders**"). The Group has also been actively seeking any feasible business segment expansions, such as biological health, new retail, e-commerce, Franchise management, etc. which is suitable for the Group's market diversifications into the PRC. In particular, to mitigate the substantial impacts of the COVID-19 on physical stores and to take advantage of the recent shift in demand from brick-and-mortar store to e-commerce, it is the Group's intention to seek new business opportunity in the e-commerce platform.

In order to broaden the trading of the Group's parallel imported vehicles and related businesses in Mainland China, the Group has established a wholly-owned subsidiary Hunan Optima Automobile Co., Ltd. in Changsha, Hunan, the PRC on 3 February 2021, which is mainly responsible for the business in central and southern China. It mainly builds a supply chain focusing on imported vehicles, domestic new energy vehicles, car spare parts and supporting services and provides customers with a "one-stop" high-quality services of parallel imported vehicles, safe, fast, price-competitive and flexible vehicle supporting financial insurance.

On 29 April 2021, Shenzhen Bainian Health Biotechnology Co., Ltd.*（深圳百年健康生物科技有限公司）("**Shenzhen Bainian**"), an indirect wholly-owned subsidiary of the Company, acquired an aggregate of 53% of the equity interest in Hunan Maliang Digital Technology Co., Ltd.*（湖南馬良數碼科技股份有限公司）("**Hunan Maliang**") at the total consideration of RMB5,077,840. Upon completion, Hunan Maliang has become an indirect non-wholly owned subsidiary of the Company and the financial results has been consolidated into the financial statements of the Group. Hunan Maliang is principally engaged in education data collection and provision of management platform services focusing on the PRC's kindergarten sector. Under the background of vigorously promoting the training of youth physical quality in China, Hunan Maliang cooperates with China Telecom Corporation Limited ("**China Telecom**") and China United Network Communications Group Co., Ltd. ("**China Unicom**") to jointly create a series of value-added service projects such as a professional physical intelligence testing service platform. It collects education data from kindergartens through its mobile phone application called "馬良家園APP", intelligence robots and physical training equipment as well as software platforms. The education data collected could (i) generate useful statistics for parents and teachers to have a better understanding of the learning situations of the children; (ii)

Chairman's Statement

enable teachers to create education programs which are more suitable for the children and to improve the learning process of the children; and (iii) improve the efficiency of managing kindergartens by the teachers as a whole. It is a growing service provider with business prospect demonstrated by (i) its inclusion in the third batch of intelligent manufacturing pilot demonstration enterprises in Changsha*（長沙市第三批智能製造試點示範企業）in 2016; (ii) the granting of the status of High and New Technology Enterprise*（高新技術企業）to Hunan Maliang since 2017; and (iii) the increasing number of strategic cooperation agreements signed by Hunan Maliang with kindergarten and other corporations. The Group believes that the acquisition is strategically beneficial for the Group to (i) leverage on Hunan Maliang to enter into the PRC market; (ii) diversify the Group's business to cover education data collection and management platform services in the PRC; and (iii) broaden its source of income. By 8 May 2021, the Group has paid RMB5,077,840, being the consideration for the acquisition of the aggregate of 53% of the equity interest in Hunan Maliang.

Revenue for the Group was SGD57.1 million for the financial year ended 31 December 2021 ("**FY2021**"), as compared to SGD22.3 million for the financial year ended 31 December 2020 ("**FY2020**"), an increase of approximately SGD34.8 million. The increase was mainly attributable to the revenue contributed by the automobile trading operations in China of approximately SGD33.3 million and an increase in revenue for the subsidiaries in Singapore of approximately SGD1.5 million. The increase was mainly due to a recovery in FY2021 from the COVID-19 control measures in FY2020.

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.

Hu Wu'an
Chairman

Hong Kong, 29 April 2022

* *For identification purpose only*

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 and automobiles to customers in China. 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.

In order to broaden the trading of the Group's parallel imported vehicles and related businesses in Mainland China, the Group has established a wholly-owned subsidiary Hunan Optima Automobile Co., Ltd. in Changsha, Hunan, the PRC on 3 February 2021, which is mainly responsible for the business in central and southern China, with Hu Wu'an, the executive director of the Group, acting as the general manager. It mainly builds a supply chain focusing on imported vehicles, car spare parts and supporting services and provides customers with a "one-stop" high-quality services of parallel imported vehicles, safe, fast, price-competitive and flexible vehicle supporting financial insurance.

On 1 February 2021, there were news of the political developments in Myanmar, announcing the detention of Aung San Suu Kyi, the State Counsellor of Myanmar and the other leaders of the National League Democracy Party. Myanmar's military has also announced a one-year state of emergency during which the military would be taking over the affairs of Myanmar. It has further pledged to hold elections after one year and operate in line with existing laws. The operation of Optima Werkz Myanmar Services Co., Ltd. ("**OWMS**"), a 35% owned associate of the Group which is in the business of repairs and maintenance of motor vehicles including installation of parts and accessories in Yangon, Myanmar, was disrupted due to the political situation and declaration of martial law in some areas of Yangon on 14 March 2021. To ensure the safety of all staff, they are advised to work from home until the situation improves. As at the date of this report, OWMS has resumed business and the staff has returned to work at the workshop despite that the Myanmar's military continues to rule the country. In view of the uncertainties in the recovery of the economy in Myanmar affected by the political developments, the Group has recorded an impairment of its interest in OWMS amounting to approximately SGD0.1 million.

Automotive supply income increased by approximately SGD33.3 million for FY2021 to approximately SGD42.4 million as compared to approximately SGD9.1 million for FY2020. The increase is mainly due to the Group's full year activity to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China for FY2021 as compared to FY2020 as the activity commenced in July 2020. The Group's after-market automotive services revenue increased by SGD0.9 million as there was a recovery in FY2021 from the COVID-19 control measures in FY2020 and the car rental business revenue has increased by SGD0.5 million as compared to FY2020.

Management Discussion and Analysis

OUTLOOK

Although there has been progress in COVID-19 vaccines development and deployment around the world, uncertainties and risks in the global economy remains in the year ahead due to factors such as the adequacy of vaccine supplies and speed of vaccine deployment, the possible emergence and spread of new strains of the virus as well as the strength of policy support to drive economic recovery. The Group will adopt a cautious and prudent approach on expansions and will continue to focus on strengthening its position in the after-market automotive services business and the short-term and long-term rental business in Singapore and increasing its market share in the sales of automobiles, parts and related products in the Mainland China market.

On 29 April 2021, Shenzhen Bainian, an indirect wholly-owned subsidiary of the Company entered into an agreement with Ms. Lin Aisheng, Ms. Wang Kaiqieng and Mr. Zhou Yian (the "**Vendors**"), pursuant to which, the Shenzhen Bainian agreed to acquire and the Vendors agreed to sell an aggregate of 53% of the equity interest in Hunan Maliang at the total consideration of RMB5,077,840 (the "**Acquisition**"). Upon completion, Hunan Maliang has become an indirect non-wholly owned subsidiary of the Company and the financial results of Hunan Maliang has been consolidated into the financial statements of the Group.

As disclosed in the annual report of the Company for the year ended 31 December 2020, the Group's business has been affected by the outbreak of the COVID-19 since early 2020. To combat the negative impacts of the COVID-19 on the Group's businesses, it is the Group's intention to strengthen its existing businesses and explore opportunities to enhance the growth prospects of the Group and create value for its Shareholders. The Group has also been actively seeking any feasible expansions which is suitable for the Group's market diversifications into the PRC. In particular, to mitigate the substantial impacts of the COVID-19 on physical stores and to take advantage of the recent shift in demand from brick-and-mortar store to e-commerce, it is the Group's intention to seek new business opportunity in the e-commerce platform.

Hunan Maliang is principally engaged in education data collection and provision of management platform services focusing on the PRC's kindergarten sector. Under the background of vigorously promoting the training of youth physical quality in China, it cooperates with China Telecom and China Unicom to jointly create a series of value-added service projects such as a professional physical intelligence testing service platform. It collects education data from kindergartens through its mobile phone application called "馬良家園APP", intelligence robots and physical training equipment as well as software platforms. The education data collected could (i) generate useful statistics for parents and teachers to have a better understanding of the learning situations of the children; (ii) enable teachers to create education programs which are more suitable for the children and to improve the learning process of the children; and (iii) improve the efficiency of managing kindergartens by the teachers as a whole. Hunan Maliang is a growing service provider with business prospect demonstrated by (i) its inclusion in the third batch of intelligent manufacturing pilot demonstration enterprises in Changsha* (長沙市第三批智能製造試點示範企業) in 2016; (ii) the granting of the status of High and New Technology Enterprise* (高新技術企業) to Hunan Maliang since 2017; and (iii) the increasing number of strategic cooperation agreements signed by Hunan Maliang with kindergarten and other corporations. The Group believes that the Acquisition is strategically beneficial for the Group to (i) leverage on Hunan Maliang to enter into the PRC market; (ii) diversify the Group's business to cover education data collection and management platform services in the PRC; and (iii) broaden its source of income.

Management Discussion and Analysis

By 8 May 2021, the Group has paid RMB5,077,840 to the Vendors, being the consideration for the acquisition of the aggregate of 53% of the equity interest in the Target Company.

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

FINANCIAL REVIEW

Revenue

Revenue for the Group was SGD57.1 million for FY2021, as compared to SGD22.3 million for FY2020, an increase of approximately SGD34.8 million. The increase was mainly attributable to:

(i) Increase in sales of passenger car spare parts, accessories and automobiles of approximately SGD33.3 million during FY2021 as compared to FY2020. The increase is mainly due to 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, and Hunan Optima Automobile Co., Ltd. ("**Hunan Optima**"), a wholly-owned subsidiary of the Company commencing its activity to supply automobile spare parts, accessories, equipment and automobiles to customers in Mainland China in July 2020 and February 2021 respectively. Sales of Shenzhen Aodi Taoche for the six months ended 31 December 2020 amounted to approximately SGD8.8 million as compared to SGD14.6 million full year in FY2021. Sales for Hunan Optima for the 11 months in FY2021 amounted to approximately SGD27.5 million.

(ii) Increase in after-market automotive services income of approximately SGD0.9 million in FY2021 as compared to FY2020 as the subsidiaries in Singapore could only provide limited essential services for 2 months in FY2020 as a result of COVID-19 control measures.

(iii) Increase in car rental income of approximately SGD0.5 million in FY2021. The Group lost rental revenue in initial months from the termination of the car rental agreement with one of its major long-term car rental customers in the first quarter of FY2020. The Group has since started cooperating with other car-sharing and ride-hailing companies in Singapore in place of this customer.

Other income and gains

Other income and gains for the Group was SGD0.4 million for FY2021 as compared to SGD1.0 million for FY2020, a decrease of approximately SGD0.6 million. The decrease was mainly attributable to a decrease in government grants of approximately SGD0.4 million as compared to FY2020 due to lesser COVID-19 related government support grants received in FY2021.

Cost of materials used and change in trading inventories

In FY2021, the cost of materials used and change in trading inventories increased by approximately SGD33.8 million as compared to FY2020. This is due to:

(i) the inclusion of the cost incurred by Hunan Optima Automobile Co., Ltd, a wholly-owned subsidiary of the Company and a full year operation of Shenzhen Aodi Taoche in its supply of automobiles to customers in Mainland China of approximately SGD32.8 million.

(ii) increase in materials used in relation to after-market automotive service amounted to approximately SGD0.9 million which was brought about by the increase in related sales and the slight increase in average purchase prices from our vendors.

Employee benefits expenses

The employee benefit expenses increased by approximately SGD1.2 million from approximately SGD4.2 million in FY2020 to approximately SGD5.4 million in FY2021. This is due to a salary cut as part of the Group's cost control measures to mitigate the adverse impact from COVID-19 outbreak in FY2020. The salary cut was reverted in Q3 of FY2020. In addition, there was a bonus of approximately SGD0.3 million and an overall increase in staff headcount from the Singapore and PRC operations in FY2021.

Impairment of trade receivables

In FY2021, the impairment of trade receivables decreased by approximately SGD0.8 million as compared to FY2020. This is due to an impairment of trade receivables recorded in FY2020 of approximately SGD0.8 million on trade receivables from customers affected by the economic effects brought on by COVID-19 and a long-term car rental customer.

Impairment of right-of-use assets

In FY2020, the Group has recorded an impairment of right-of-use assets amounting to approximately SGD0.2 million as a result of the effects of COVID-19 on the Singapore economy. No additional impairment of right-of-use assets is recorded in FY2021 as the Group is confident that Singapore economy is on a recovery track.

Reversal of impairment of right-of-use assets and property, plant and equipment

In FY2021, the Group has recorded a reversal of impairment of right-of-use assets and property, plant and equipment amounting to approximately SGD0.4 million (FY2020: nil) and SGD8,000 (FY2020: nil) respectively as the Group recorded a recovery in the car rental services business segment.

Reversal of impairment of trade receivables

In FY2021, the Group has recorded a reversal of impairment of trade receivables amounting to approximately SGD0.3 million (FY2020: SGD42,000) due to the recovery of amounts from previously impaired trade receivables.

Other expenses

The other expenses comprised mainly of the following:

i) Cost of services comprising mainly towing fees, freight, travelling and transportation expenses, the cost of services remained relatively constant.

ii) Maintenance costs were mainly incurred for our service centres, passenger cars, vehicle insurance and equipment such as hoists. In the third quarter of FY2020, the Group was able to source for a cheaper vehicle insurance provider, hence resulting in lower vehicle insurance expense for the FY2021 as compared to FY2020 where the impact was for part of a year.

iii) Merchant fees were mainly related to payments for bank charges and merchant terminals such as credit cards machines. The slight increase is in line with the higher after-market automotive and car rental revenue.

iv) Office-related expenses mainly included printing and stationery expenses, subscription expenses, office supplies, stamp duty and other insurance expenses (excluding motor vehicles insurance). The increase is mainly due to the inclusion of the expenses of the newly acquired PRC subsidiary.

v) The increase in professional and legal fees comprising mainly included audit fees, legal fees, compliance advisor fees, corporate secretarial fees, tax agent fees etc. was mainly due to the increase in audit fees and the accounting fees.

vi) Telecommunication expenses were mainly related to charges from telecommunications service providers.

vii) Refreshments were mainly related to snacks and drinks for customers lounge.

viii) Research expenses were mainly related to the manpower costs incurred for the research of new potential education platform related features.

Income tax expense

The Group provided for income tax expense of SGD0.2 million despite a loss before income tax expense due to non-tax deductible items. The income tax expense provided mainly arise from subsidiaries incorporated in Singapore and PRC that are subjected to a tax rate of 17% and 25% respectively on the profits arising.

Management Discussion and Analysis

Loss and total comprehensive income for the year

The Group recorded a loss and total comprehensive income for FY2021 of approximately SGD0.7 million and SGD1.2 million compared to a loss and total comprehensive income for FY2020 of approximately SGD0.8 million. The loss for FY2020 was attributable to the combined effects of the increase in impairment of trade receivables and expenses incurred in the new operations in China. The loss for FY2020 was partially offset by subsidies and waivers amounting to approximately SGD0.8 million received by the subsidiaries in Singapore under the Singapore government COVID-19 support measures. The loss for FY2021 is mainly due to the research expenses relating to the education business and the one-off impairment of investment in an associate amounting to approximately SGD0.2 million and SGD90,000 respectively. The loss for FY2021 was partially offset by the reversal of impairment of right-of-use assets and reversal of impairment of trade receivables of approximately SGD0.4 million and SGD0.3 million respectively.

LIQUIDITY, FINANCIAL RESOURCES

As at 31 December 2021, the cash and cash equivalents were approximately SGD4.5 million (2020: SGD3.3 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately SGD1.1 million and SGD10.6 million, respectively.

As at 31 December 2021, the Group's bank borrowings with maturity within one year amounted to approximately SGD0.6 million (2020: SGD0.2 million). The shares of the Company ("**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 1.2 as at 31 December 2021 (2020: 0.7). Total debt includes all bank borrowings, short-term loan and lease liabilities. The net debt to equity of the Group, which was defined as total debt net of cash and cash equivalents divided by total equity, were 0.7 as at 31 December 2021 (2020: 0.4).

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout FY2021. 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.

PRINCIPAL RISKS AND UNCERTAINTIES

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

Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
Transition risk due to Singapore Government's push to phase out Internal Combustion Engine ("ICE") vehicles and have all vehicles run on cleaner energy by 2040	In light of the Singapore's government vision to phase out ICE vehicles and have all vehicles run on cleaner energy by 2040, there is a growing shift towards Electric Vehicles ("EVs") within the local automotive industry. As a result, the Group might face the following challenges if it does not adapt expeditiously: 1) Decrease in workshop revenue due to reducing number of servicings and repairs, as EVs has lesser moving parts and may only require a servicing once every year or two; 2) Insufficient number of qualified mechanics to repair EVs; and 3) Difficulty in acquiring new EV technology for diagnostic.	The Group is looking to mitigate the foreseeable challenges through the following: 1) Expanding other local revenue streams like car rental, while diversifying to other industries abroad; 2) Acquiring EVs, installation of EV Chargers and seeking for appointment as Tesla's approved Bodyshop to increase EV handling, training and exposure for staff; and 3) Sourcing for potential partnerships and business opportunities that may arise due to the impending EV revolution.
Impact on operation performance due to outbreak of infectious disease (i.e. COVID-19)	Given the unpredictability of COVID-19 and possibility of new variants (i.e. omicron), COVID-19 may continue to have lingering or even severe impact on operations performance of the Company. It is difficult to predict the evolution and duration of the pandemic, and the extent of its impact to the Group cannot be reliably quantified or estimated.	The Group is constantly staying abreast on the latest COVID-19 developments in Singapore and China. In addition, the Group has and will continue to establish necessary safety management measures as prescribed by the Singapore and China government to minimise potential COVID-19 disruption to our operations.
Concentrated senior management personnel	The Group heavily relies on the senior personnel in managing the operations, if one or more of the key management personnel is/are unable or unwilling to continue in their present positions, the Group may not be able to identify suitable replacements in a timely manner.	The Group ensures that key personnel are properly remunerated to ensure higher retention rate. Some key personnel are also bound by contact agreement for a minimum period of service. Lastly, the notice period of key personnel are usually at least 2 months or longer so that the Group may be able to find a suitable replacement in a timely manner.

EXPOSURE TO CURRENCY RISK

The Group's income and expenditure during the year ended 31 December 2021 were principally denominated in Singapore dollar and Chinese Yuan, and most of the assets and liabilities as at 31 December 2021 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 2021.

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 20 and Note 21 respectively 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 2021. 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 0.2% (2020: 0.2%). The ECLs for trade receivables past due within 90 days is assessed to be 2% (2020: 2%) and within 180 days is assessed to be 3% (2020: 3%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 7% (2020: 7%) and over 365 days is assessed to be 10% (2020: 13%). The Directors 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 2021 and 2020. 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 2021 and 2020.

The movement of loss allowance for these balances as at 31 December 2021 and 2020 is set out in Note 20.

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 35 to the consolidated financial statements.

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from bank borrowings, lease liabilities and amounts due to related companies. These deposits and the borrowings 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 2021, its income and operating cash flows are substantially independent of changes in variable interest rates.

SHARE CAPITAL

As at 31 December 2021, 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 2021, the Group has capital commitments contracted but not provided for of approximately SGD 0.4 million (2020: nil).

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 Company's prospectus dated 27 September 2019 ("**Prospectus**"), the Group does not have other plans for material investments and capital assets.

Management Discussion and Analysis

SIGNIFICANT INVESTMENTS, MATERIAL ACQUISITION AND DISPOSAL OF SUBSIDIARIES

On 29 April 2021, the Group had entered into an agreement to acquire and the Vendors have agreed to sell an aggregate of 53% of the equity interest in Hunan Maliang at the total consideration of RMB5,077,840 (equivalent to approximately SGD1,061,000) through Shenzhen Bainian, an indirect wholly-owned subsidiary of the Company. Pursuant to which and upon completion, the Group has acquired the control over Hunan Maliang as the Group has existing rights that give it the current ability to direct the relevant activities, i.e. the activities that significantly affect its variable returns. The Acquisition was completed on 8 May 2021.

Save as disclosed above, during the year, the Group did not have any significant investment, material acquisitions or disposals of subsidiaries, associates, joint ventures and affiliated companies.

CONTINGENT LIABILITIES

As at 31 December 2021, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties.

CHARGE ON GROUP'S ASSETS

As at 31 December 2021, the Group's bank borrowings were secured by a corporate guarantee from the Company; lease liabilities of motor vehicles were secured by a corporate guarantee from the Company, a corporate guarantee from an indirect wholly own subsidiary of the company and the underlying assets.

HUMAN RESOURCES

As at 31 December 2021, the Group had 121 employees (2020: 96 employees) with total staff cost of approximately SGD5.4 million incurred for the year ended 31 December 2021 (2020: SGD4.2 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 2021.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021 (2020: nil).

Management Discussion and Analysis

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 2021:

Business Objectives up to 31 December 2021 as set out in the Prospectus	Actual implementation plan up to 31 December 2021
Expanding servicing capacity	In view of the impact of the COVID-19 pandemic on the economy of Singapore, the Directors have suspended the plans for expanding the servicing capacity.
Strengthening service capabilities and operating efficiencies	Due to the delay in setting up of the new service centre, the planned recruitment of employees for the new service centre has been suspended. 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 suspended its plans related to its bulk purchasing strategy. The upgrading of information technology and equipment were limited to expenditure on critical equipment and software to ensure smooth running of the operations.
Brand building through strengthening relationships with existing customers and expanding customer base	During the period under review, the Group has continued to expand the fleet servicing programme, however most of its brand building programs or activities were suspended due to COVID-19.

Principal risks and uncertainties in achieving our business strategies

During the year ended 31 December 2021, 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 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

The Shares were listed on GEM of the Stock Exchange on 11 October 2019 by way of 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 31 December 2021, all Net Proceeds has been utilised. Details of the use of the Net Proceeds are as follows:

Use of the Net Proceeds	Original allocation (HK$ million)	Revised allocation of Net Proceeds as at 4 May 2020 (HK$ million)	Unutilised Net Proceeds up to 31 December 2020 (HK$ million)	Utilised Net Proceeds during FY2021 (HK$ million)	Unutilised Net Proceeds up to 31 December 2021 (HK$ million)
Expanding servicing capacity	5.5	–	–	–	–
Grow rental fleet	3.9	1.8	–	–	–
Strengthen service capabilities and operating efficiencies	2.3	2.3	0.9	0.9	–
Brand building	0.2	0.2	0.2	0.2	–
General working capital	1.3	8.9	–	–	–
	13.2	13.2	1.1	1.1	–

Biographical Details of Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Hu Wu'an ("Mr. Hu"), aged 48, was appointed as an executive Director on 6 January 2021 and was appointed as the chairman of the Board on 15 August 2021. Mr. Hu is currently an executive director and the general manager of Hunan Shangui Fuyuan Modern Agriculture Development Co., Ltd.*（湖南杉桂福苑現代農業發展有限公司）since September 2017, a limited liability company established in China and an executive director and the general manager of Hunan Optima Automobile Co., Ltd*（湖南傲迪瑪汽車有限公司）since February 2021, a limited liability company established in China.

Mr. Ang Lay Keong (Hong Liqiang) ("**Mr. Ang**"), aged 50, was appointed as the chairman and an executive Director and chief executive officer on 14 March 2018. With effect from 15 August 2021, Mr. Ang has resigned as the chairman of the Board and continues to be an executive Director and chief executive officer. 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 27 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 48, 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.

Biographical Details of Directors and Senior Management

Mr. Goh Duo Tzer (Wu Duoze) (“**Mr. Goh**”), aged 49, 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 19 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.

Ms. Nie Li (“**Ms. Nie**”), aged 37, was appointed as an executive Director on 18 May 2020. Ms. Nie is the executive director of Hu Mao Sheng Tang Holdings Limited, a company incorporated in Hong Kong with limited liability, since March 2017. Ms. Nie graduated from Hunan Vocational College of Engineering*（湖南工程職業技術學院）in June 2005 majoring in tourism and hotel management, she has 16 years of experience in business management.

Ms. Lin Xiaojuan (“**Ms. Lin**”), aged 56, was appointed as an executive Director on 24 August 2020. Ms. Lin has served as a director of the board of directors, a member of the audit committee, and the chairperson of the compensation committee and the nominating and corporate governance committee of Senmiao Technology Limited (stock code: AIHS), a company listed on The NASDAQ Capital Market, since March 2018 till present. Since March 2011 till present, Ms. Lin has acted as the general manager and legal representative of Hunan Dingchentai Investment Co., Ltd.*（湖南鼎晨泰投資有限公司）. From April 2004 to February 2011, she served as the deputy general manager and chief financial officer of Hunan Xinhongxin Industrial Co., Ltd.*（湖南新泓信實業有限公司）, and the accounting officer and cost officer of Hunan Employment Training Service Co., Ltd.*（湖南就業培訓服務有限公司）from November 1986 to July 2000.

Ms. Lin graduated from the Department of Statistics of Hunan Finance and Economics Institute*（湖南財經學院）in October 1990, and completed the Chief Financial Officer Training Course of the School of Continuing Education of Peking University in October 2015. She obtained the qualification of gold trader issued by the Shanghai Gold Exchange in December 2008, the qualification of China Certified Tax Planner in November 2011, and subsequently the qualification of International Certified Senior Public Accountant issued by the Headquarters (China) American Certification Institute in January 2012.

Biographical Details of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTOR

Mr. Chu Kin Ming ("**Mr. Chu**"), aged 41, was appointed as an independent non-executive Director on 18 September 2019. He is the chairman of the audit committee of the Company (the "**Audit Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**").

Mr. Chu has more than 17 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 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, an independent non-executive director in Century Energy International Holdings Limited (formerly known as China Oil Gangran Energy Group Holdings Limited), a company listed on GEM of the Stock Exchange (stock code: 8132) since February 2020 and an independent non-executive director in Milestone Builder Holdings Limited, a company listed on the Stock Exchange (stock code: 1667) since December 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 and the company secretary of OCI International Holdings Limited (stock code: 329) since May 2021.

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. 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.

Ms. Tan Meng Choon ("**Ms. MC Tan**"), aged 48, was appointed as an independent non-executive Director on 24 September 2020. Ms. MC Tan is a member of the Audit Committee, the chairlady of the Remuneration Committee and a member of the Nomination Committee. Ms. MC Tan has more than 26 years of commercial accounting and audit experience in Singapore, Malaysia and the United Kingdom. Ms. MC Tan is currently a director of Accfin Management Pte. Ltd. since September 2008; a director of Zenzii Pte. Ltd. since November 2013; and a director of Altfield Singapore Pte. Ltd. since February 2017. Ms. MC Tan worked as an audit assistant at Yeo & Associates, an accounting firm in Malaysia, from July 1995 to March 1998. From January 2000 to August 2004, Ms. MC Tan worked in K B Lee, an accounting firm in Singapore as an audit senior. From August 2004 to March 2005, Ms. MC Tan worked as a finance manager of China Haida Ltd (formerly known as Comat Industrial Ltd), a company listed on the Mainboard of the Singapore Exchange (stock code: SGX:C92).

Ms. MC Tan obtained a Diploma in Business Administration from RIMA College, Malaysia in 1995. Ms. MC Tan has been a member of the Institute of Singapore Chartered Accountants since July 2013. Ms. MC Tan has been an Accredited Tax Advisor of Singapore Institute of Accredited Tax Professionals since July 2015.

Mr. Chang Li-Chung ("**Mr. Chang**"), aged 60, was appointed as an independent non-executive Director on 25 February 2021. He is a member of the Audit Committee, a member of the Remuneration Committee and the chairman of the Nomination Committee. Mr. Chang is currently the general manager of Yigoulian Trading (Shenzhen) Co., Ltd. *（易購鏈商貿（深圳）有限公司）, a limited liability company established in China, since April 2020. He is also currently acting as the executive director of Changzhou Jintan Apollo Biological Products Co., Ltd. *（常州金壇阿波羅生物製品有限公司）, a limited liability company established in China, since August 2003. Mr. Chang worked as general manager at HONGKONG BO EN INVESTMENT MANAGEMENT CO., LIMITED, a company incorporated in Hong Kong with limited liability, from November 2015 to December 2019. Mr. Chang graduated from the Republic of China Air Force Institute of Technology*（中華民國空軍航空技術學院）in 1978.

SENIOR MANAGEMENT

Ms. Tan Peck Luan (Chen Biluan) ("**Ms. Tan**"), aged 48, 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 28 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.

Biographical Details of Directors and Senior Management

Mr. Lew Chuen Hui Rick ("Mr. Lew"), aged 44, 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 19 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.

COMPANY SECRETARY

Ms. Xu Jiayuan ("**Ms. Xu**"), aged 31, was appointed as a company secretary of our Company on 30 September 2021. Ms. Xu has over 6 years of experience in the corporate governance field, including internal audit, risk management and corporate services to Hong Kong companies listed on the Stock Exchange as well as private and multinational companies. Ms. Xu is currently the director of Metis Professional Services Limited and is responsible for advising on corporate governance related services.

Ms. Xu obtained a Bachelor Degree of Management majoring in Business Administration (Management Accounting) at Capital University of Economics and Business in June 2013. She further obtained a master of science degree majoring in accountancy from the Hong Kong Polytechnic University in October 2014. Ms. Xu is currently a member of the Hong Kong Institute of Certified Public Accountants and a Certified Internal Auditor conferred by the Institute of Internal Auditors.

Ms. Xu does not act as an individual employee of our Company, but as an external service provider in respect of the appointment of Ms. Xu as the company secretary of the Company. Pursuant to paragraph F.1.1 (now known as C.6.1 of the CG Code taking effect from 1 January 2022 onwards) 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 Ms. Xu.

Corporate Governance Report

The Board hereby presents this Corporate Governance Report in the Company's annual report for the year ended 31 December 2021.

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 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 during the year ended 31 December 2021 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 (now known as C.2.1 of the CG Code taking effect from 1 January 2022 onwards) as disclosed in the paragraph headed "A.3 Chairman and Chief Executive" below and C.2.5 (now known as D.2.5 of the CG Code taking effect from 1 January 2022 onwards), the Company complied with the provisions of the CG Code as set out in Appendix 15 to the GEM Listing Rules during the year ended 31 December 2021 up to the date of this annual report.

Under Code Provision C.2.5 (now known as D.2.5 of the CG Code taking effect from 1 January 2022 onwards) 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.

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 (now known as A.2.1 of the CG Code taking effect from 1 January 2022 onwards) 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;

– to 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 2021 and up to the date of this annual report:

Executive Directors
Mr. Hu Wu'an (Chairman) (appointed as executive Director and chairman on 6 January 2021 and 15 August 2021, respectively)
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)
Ms. Lim Li Ling (Lin Liling)
Mr. Goh Duo Tzer (Wu Duoze)
Ms. Nie Li
Ms. Lin Xiaojuan

Independent Non-executive Directors
Mr. Chu Kin Ming
Ms. Tan Meng Choon
Mr. Ong Kar Loon (Wang Jialun) (resigned with effect from 25 February 2021)
Mr. Chang Li-Chung (appointed with effect from 25 February 2021)

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 six 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 year ended 31 December 2021, 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.

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.

With effect from 15 August 2021, Mr. Ang has resigned as the chairman of the Board and continues to be an executive Director and chief executive officer. Mr. Ang is responsible for major decision making and implementation of business strategies of the Group. Mr. Hu Wu'an, an executive Director, was selected by the Board to succeed Mr. Ang as the chairman with effect from 15 August 2021. 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 (now known as code provision C.2.1 of the CG Code taking effect from 1 January 2022 onwards), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we did not have a separate chairman and chief executive officer as Mr. Ang performed these two roles up to 15 August 2021. 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 would not be impaired and this structure would enable the Company to make and implement decisions promptly and effectively.

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 containing detailed information of all retiring Directors pursuant to the GEM Listing Rules will be issued in due course.

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 (now known as code provision C.1.4 of the CG Code taking effect from 1 January 2022 onwards), 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 year ended 31 December 2021 up to the date of this annual report:

	Attending training seminars/ induction training/ Reading materials
Executive Directors	
Mr. Hu Wu'an (Chairman) (appointed as executive Director and chairman on 6 January 2021 and 15 August 2021, respectively)	✓
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)	✓
Ms. Lim Li Ling (Lin Liling)	✓
Mr. Goh Duo Tzer (Wu Duoze)	✓
Ms. Nie Li	✓
Ms. Lin Xiaojuan	✓
Independent Non-Executive Directors	
Mr. Chu Kin Ming	✓
Ms. Tan Meng Choon	✓
Mr. Ong Kar Loon (Wang Jialun) (resigned with effect from 25 February 2021)	✓
Mr. Chang Li-Chung (appointed with effect from 25 February 2021)	✓

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 (now known as code provision C.5.1 of the CG Code taking effect from 1 January 2022 onwards), 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 year ended 31 December 2021 up to the date of this annual report, the Board convened 6 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. Hu Wu'an (Chairman) (appointed as executive Director and chairman on 6 January 2021 and 15 August 2021, respectively)	5/6	N/A	N/A	N/A
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)	6/6	N/A	N/A	1/1
Ms. Lim Li Ling (Lin Liling)	6/6	N/A	N/A	N/A
Mr. Goh Duo Tzer (Wu Duoze)	6/6	N/A	N/A	N/A
Ms. Nie Li	6/6	N/A	N/A	N/A
Ms. Lin Xiaojuan	6/6	N/A	N/A	N/A
Independent directors				
Mr. Chu Kin Ming	6/6	1/1	5/5	N/A
Ms. Tan Meng Choon	6/6	1/1	5/5	1/1
Mr. Ong Kar Loon (Wang Jialun) (resigned with effect from 25 February 2021)	N/A	N/A	N/A	N/A
Mr. Chang Li-Chung (appointed with effect from 25 February 2021)	6/6	0/1	4/5	0/1

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

In addition to regular Board meetings, under Code Provision A.2.7 of the CG Code (now known as code provision C.2.7 of the CG Code taking effect from 1 January 2022 onwards), the chairman should at least annually hold meetings with the independent non-executive Directors without the presence of other Directors (the "**Chairman and Independent non-executive Directors Meeting**"). During the year, one Chairman and Independent non-executive Directors Meeting was held.

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 currently consists of three independent non-executive Directors, namely, Mr Chu Kin Ming, Mr. Chang Li-Chung and Ms. Tan Meng Choon. Ms. Tan Meng Choon currently serves as the chairlady of the Remuneration Committee.

Pursuant to the code provision B.1.5 of the CG Code (now known as code provision E.1.5 of the CG Code taking effect from 1 January 2022 onwards), the remuneration of the members of the Board and the senior management by band for the year ended 31 December 2021 is set out below:

In the band of	Number of Individuals
Nil to HK$1,000,000	7
HK$1,000,001 to HK$2,000,000	1
Over HK$2,000,000	–

Details of the remuneration of each Director and the 5 individuals with the highest emoluments in the Group for the year ended 31 December 2021 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 year ended 31 December 2021 up 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 31 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 Kin Ming, Ms. Tan Meng Choon and Mr. Chang Li-Chung. Mr. Chu Kin Ming 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 year ended 31 December 2021 up 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 31 of this annual report.

Up to the date of this annual report, the Audit Committee met 5 times, of which 5 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 2021, 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	**2021**	2020
	SGD'000	SGD'000
Audit services	**100**	78

There is no disagreement between the Board and the Audit Committee regarding the reappointment of external auditor.

B.3 Nomination Committee

The Nomination Committee currently consists of one executive Director, and two independent non-executive Directors, namely Mr. Chang Li-Chung, Mr Ang and Ms Tan Meng Choon. Mr. Chang Li-Chung currently serves as the chairman of the 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 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 year ended 31 December 2021 up 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 31 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 Luk Fook Capital (HK) Limited ("**Luk Fook Capital**") as our compliance adviser with effect from 15 August 2021. 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.

Ms. Xu has been appointed as the Company Secretary since 30 September 2021, subsequent to Mr. Chan Tsang Mo's resignation as the Company Secretary on the same date. The Company Secretary whose appointment was approved by the Board. For details of Ms. Xu's qualifications, please refer to the section headed "Biographical Details of Directors and Senior Management" of this report. Ms. Xu's primary contact person in the Company is Mr. Goh, executive Director and chief operating officer of the Company. Ms. Xu has complied with all the required qualifications, experiences and training requirements under the GEM Listing Rules. For the year ended 31 December 2021, Ms. Xu complied with the GEM Listing Rules by taking not less than 15 hours of relevant professional training.

E. COMPLIANCE OFFICER

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

For details of 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 2021, 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 2021, 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 56 to 61 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 year ended 31 December 2021 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 during the year ended 31 December 2021 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.

Corporate Governance Report

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 2021 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 2021 as required under CG Code C.2.5 (now known as D.2.5 of the CG Code taking effect from 1 January 2022 onwards). 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 2021 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 during the year ended 31 December 2021 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 the GEM (www.hkgem.com) and the Company (www.ow.sg). The electronic publication system of the 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 Tuesday, 28 June 2022 (the "**2022 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 the 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

During the year ended 31 December 2021, 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 2021. 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) and automobiles to customers in China.

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 35 to the consolidated financial statements. No important event affecting the Group has occurred during the year ended 31 December 2021 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 five years is set out in the financial summary on page 142 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 2021 and the financial position of the Company and of the Group at that date are set out in the consolidated financial statements on pages 62 to 63 of this annual report.

The Board does not recommend the payment of a final dividend for the year ended 31 December 2021.

REVENUE

An analysis of the Group's revenue for the year ended 31 December 2021 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.

SHARE CAPITAL

Details of the Company's share capital is set out in Note 25 to the consolidated financial statements.

The Company's shares have been listed on the 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 26 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 2021 are set out in Note 33 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 2021, the Group's reserves available for distribution to owners comprising share premium account add accumulated losses, amounted to approximately SGD6.5 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.

Directors' Report

MAJOR CUSTOMERS AND SUPPLIERS

During the year ended 31 December 2021, the revenue attributable to the Group's largest customer and five largest customers accounted for approximately 19% and 46% 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 2021, the cost attributable to the Group's largest suppliers and five largest suppliers accounted for approximately 11% and 21% 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. Hu Wu'an (Chairman) (appointed as executive Director and chairman on 6 January 2021 and 15 August 2021, respectively)
Mr. Ang Lay Keong (Hong Liqiang) (Chief Executive Officer)
Ms. Lim Li Ling (Lin Liling)
Mr. Goh Duo Tzer (Wu Duoze)
Ms. Nie Li
Ms. Lin Xiaojuan

Independent Non-Executive Directors
Mr. Chu Kin Ming
Ms. Tan Meng Choon
Mr. Ong Kar Loon (Wang Jialun) (resigned with effect from 25 February 2021)
Mr. Chang Li-Chung (appointed with effect from 25 February 2021)

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 19 to 23 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 31 December 2021, the Company has taken out Directors' and officers' liabilities insurance which provides appropriate coverage for the Directors.

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. Ms. Nie, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 18 May 2020. Ms. Lin, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 24 August 2020. Mr. Hu, being the executive Director, has entered into a service agreement with the Company for an initial term of three years commencing from 6 January 2021. 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.

Mr. Chu, 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. Ms. MC Tan has entered into a letter of appointment with the Company for a term of three years commencing from 24 September 2020, Mr. Chang has entered into a letter of appointment with the Company for a term of three years commencing from 25 February 2021, which may be 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 in accordance with the Articles of Association, the GEM Listing Rules and any other applicable laws from time to time. Mr. Chang has entered into a letter of appointment with the Company for a term of three years commencing from 25 February 2021, which may be 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 in accordance with the Articles of Association, the GEM Listing Rules and any other applicable laws from time to time.

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).

The relevant subsidiaries are required to contribute a specific percentage of the payroll costs to the Central Provident Fund. The only obligation of the Group with respect to the Central Provident Fund is to make the specified contributions. There are no forfeitures available to reduce company contributions from those employees who have left the company as they are fully entitled to their contributions upon leaving employment.

The total amounts contributed by the Group to the Central Provident Fund and cost charged to the profit or loss represents contributions payable to the Central Provident Fund by the Group at rates specified in the rules of the Central Provident Fund. Under the Central Provident Fund, the employees contribute 5% to 20% of their wages, while the group companies contribute 7.5% to 17% of the wages of their employees. The employers' and employees' contributions are subject to a cap of employees' monthly ordinary wages of SGD6,000 during the years ended 31 December 2021 and 2020.

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 2021, 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 2021, 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

		As at 31 December 2021	
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%
Mr. Hu Wu'an	Beneficial owner	7,880,000	0.93%

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.

Save as disclosed above, as at 31 December 2021, 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 2021, 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

		As at 31 December 2021	
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	46,450,000	5.51%

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 31 December 2021, 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 2021, 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 during the year ended 31 December 2021 and up to the date of this report.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Save 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 2021 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 2021 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 2021.

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 2021.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2021, 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 2021 are set out in Note 33 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 our Company, any of our subsidiaries or any Invested Entity;

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

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

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

(f) any shareholder of any member of our Group or any Invested Entity or any holder of any securities issued by any member of our 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 our 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 our 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 2021.

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 during the year ended 31 December 2021 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 (now known as C.2.1 and D.2.5 of the CG Code taking effect from 1 January 2022 onwards), 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.

During the year ended 31 December 2021 and up to the date of this report, other than the deviation from code provision A.2.1 and C.2.5 (now known as C.2.1 and D.2.5 of the CG Code taking effect from 1 January 2022 onwards) explained on pages 27 and 24 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 during the year ended 31 December 2021 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 Rules 6A.19 and 6A.27 of the GEM Listing Rules, the Company has appointed Luk Fook Capital as our compliance adviser with effect from 15 August 2021 following the termination of the compliance adviser agreement with Orient Capital (Hong Kong) Limited by mutual agreement. Save for the compliance adviser service agreement entered into between the Company and Luk Fook Capital dated 15 August 2021, none of Luk Fook Capital or its directors, employees or associates (as defined in the GEM Listing Rules) had any interest in the Group as at 31 December 2021, which is required to be notified to the Company pursuant to Rule 6A.32 of the GEM Listing Rules.

AUDIT COMMITTEE

The Company has established an Audit Committee with written terms of reference in compliance with Rules 5.28 to 5.33 of the GEM Listing Rules and with written terms of reference in compliance with the CG Code.

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

The Audit Committee comprises of three independent non-executive Directors, namely Mr. Chu Kin Ming, Ms. Tan Meng Choon and Mr. Chang Li-Chung. The chairman is Mr. Chu Kin Ming, 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 2021 have been audited. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2021 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 Tuesday, 28 June 2022. For determining the entitlement to attend and vote at the 2022 AGM, the register of members of the Company will be closed from Thursday, 23 June 2022 to Tuesday, 28 June 2022, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to attend and vote at the 2022 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 Wednesday 22 June 2022.

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 2021, 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

Mr. Hu Wu'an has been appointed as an executive Director with effect from 6 January 2021.

Mr. Ong Kar Loon (Wang Jialun) has been appointed as an independent non-executive Director with effect from 18 May 2020 and resigned with effect from 25 February 2021.

Mr. Chang Li-Chung has been appointed as an independent non-executive Director with effect from 25 February 2021.

INDEPENDENT AUDITOR

The consolidated financial statements for the year ended 31 December 2021 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 during the year ended 31 December 2021.

EVENT AFTER REPORTING PERIOD

The Directors are not aware of any significant event which had material effect on the Group subsequent to 31 December 2021 and up to the date of this report.

By Order of the Board
Optima Automobile Group Holdings Limited
Hu Wu'an
Chairman and Executive Director

Hong Kong, 29 April 2022

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 62 to 141, which comprise the consolidated statement of financial position as at 31 December 2021, 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 2021, 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 and property, plant and equipment

Refer to Notes 4(d), 4(f), 5(iii), 15(a) and 15(b) to the consolidated financial statements.

As at 31 December 2021, the Group had right-of-use assets and property, plant and equipment with net carrying amount of SGD9,106,000 and SGD4,292,000 respectively, representing approximately 33% and 15% of the total assets of the Group respectively. Management has performed an impairment assessment exercise and a reversal of impairment of SGD396,000 on right-of-use assets and SGD8,000 on property, plant and equipment was recognised for the year ended 31 December 2021.

We consider the impairment assessment of right-of-use assets and property, plant and equipment a key audit matter because of the significance of right-of-use assets and property, plant and equipment 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 and property, plant and equipment included:

- evaluating the appropriateness of management's judgment regarding identification of those items of the right-of-use assets and property, plant and equipment 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(h)(ii), 5(ii), 20 and 35(a) to the consolidated financial statements.

As at 31 December 2021, the gross amount of the Group's trade receivables was approximately SGD2,019,000, against which a loss allowance of SGD767,000 was made. The net carrying amount of SGD1,252,000 represented approximately 5% 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 Group assessed expected credit losses individually for trade receivables with significant balance and collectively that are not individually significant. The ECLs on individually insignificant trade receivables are estimated using a provision matrix by reference to past default experience of the debtors with changes in current market condition in which the debtors' operate. 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 judgment 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 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 expected credit loss allowances using historical loss rate and forward-looking information; and
- evaluating the presentation and disclosure regarding the impairment assessment of trade receivables.

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.

Independent Auditor's Report

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.

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

29 April 2022

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended 31 December 2021

	Notes	**2021 SGD'000**	2020 SGD'000
Revenue	7	**57,144**	22,297
Other income and gains	8	**426**	983
Change in trading inventories		**(41,953)**	(9,031)
Cost of materials used		**(4,639)**	(3,762)
Marketing and advertising expenses		**(424)**	(293)
Employee benefit expenses		**(5,415)**	(4,221)
Depreciation of property, plant and equipment		**(460)**	(309)
Impairment of right-of-use assets		**–**	(162)
Impairment of property, plant and equipment		**–**	(8)
Impairment of interest in an associate		**(90)**	–
Depreciation of right-of-use assets		**(2,539)**	(2,610)
Amortisation of intangible assets		**(62)**	–
Impairment of trade receivables		**(20)**	(822)
Impairment of other receivables		**(24)**	–
Reversal of impairment of trade receivables		**302**	42
Reversal of impairment of property, plant and equipment		**8**	–
Reversal of impairment of right-of-use assets		**396**	–
Finance costs	10	**(413)**	(312)
Short-term lease expenses		**(39)**	(207)
Other expenses		**(2,624)**	(2,231)
Share of results of a joint venture		**(58)**	(143)
Share of results of an associate		**37**	131
Loss before income tax expense	9	**(447)**	(658)
Income tax expense	11	**(212)**	(131)
Loss for the year		**(659)**	(789)
Other comprehensive income, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**(436)**	–[#]
Share of other comprehensive income of a joint venture		**–**	(10)
Share of other comprehensive income of an associate		**(153)**	5
Other comprehensive income for the year, net of tax		**(589)**	(5)
Loss and total comprehensive income for the year		**(1,248)**	(794)
Loss attributable to:			
Owners of the Company		**(426)**	(789)
Non-controlling interests	29	**(233)**	–
		(659)	(789)
Total comprehensive income attributable to:			
Owners of the Company		**(1,032)**	(794)
Non-controlling interests	29	**(216)**	–
		(1,248)	(794)
Losses per share			
– Basic and diluted (SGD cents)	14	**(0.05)**	(0.09)

[#] Less than SGD1,000

Consolidated Statement of Financial Position

As at 31 December 2021

	Notes	2021 SGD'000	2020 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment	15(a)	**4,292**	731
Right-of-use assets	15(b)	**9,106**	10,425
Intangible assets	16	**403**	–
Interest in a joint venture	17	**–**	58
Interest in an associate	18	**1,827**	2,642
Deposits	20	**194**	194
Prepayment for purchase of fixed assets	20	**62**	–
Total non-current assets		**15,884**	14,050
Current assets			
Inventories	19	**2,195**	1,090
Trade and other receivables	20	**5,198**	4,093
Cash and cash equivalents	21	**4,494**	3,331
Total current assets		**11,887**	8,514
Current liabilities			
Trade and other payables	22	**6,708**	3,359
Lease liabilities	15(b)	**2,978**	3,504
Bank borrowings	23	**569**	174
Current tax liabilities		**568**	538
Total current liabilities		**10,823**	7,575
Net current assets		**1,064**	939
Total assets less current liabilities		**16,948**	14,989
Non-current liabilities			
Lease liabilities	15(b)	**2,332**	3,501
Bank borrowings	23	**3,931**	463
Deferred tax liabilities	24	**62**	97
Total non-current liabilities		**6,325**	4,061
Net assets		**10,623**	10,928
EQUITY			
Share capital	25	**1,497**	1,497
Reserves	26	**8,399**	9,431
Equity attributable to owners of the Company		**9,896**	10,928
Non-controlling interests	29	**727**	–
Total equity		**10,623**	10,928

Ang Lay Keong (Hong Liqiang)
Director

Goh Duo Tzer (Duoze)
Director

Consolidated Statement of Changes in Equity

For the Year Ended 31 December 2021

	Total equity attributable to owners of the Company								
	Share capital SGD'000 (Note 25)	Share premium* SGD'000 (Note 26)	Merger reserve* SGD'000 (Note 26)	Other reserve* SGD'000 (Note 26)	Retained earnings/ (Accumulated losses)* SGD'000	Foreign currency exchange reserve* SGD'000	Total SGD'000	Non-controlling interests SGD'000	Total SGD'000
Balance as at 1 January 2020	1,497	7,187	2,645	(103)	496	–	11,722	–	11,722
Loss for the year	–	–	–	–	(789)	–	(789)	–	(789)
Other comprehensive income:									
Exchange differences on translating foreign operations	–	–	–	–	–	–#	–#	–	–#
Share of other comprehensive income of a joint venture	–	–	–	–	–	(10)	(10)	–	(10)
Share of other comprehensive income of an associate	–	–	–	–	–	5	5	–	5
Other comprehensive income for the year	–	–	–	–	–	(5)	(5)	–	(5)
Total comprehensive income for the year	–	–	–	–	(789)	(5)	(794)	–	(794)
Balance as at 31 December 2020 and 1 January 2021	1,497	7,187	2,645	(103)	(293)	(5)	10,928	–	10,928
Loss for the year	–	–	–	–	(426)	–	(426)	(233)	(659)
Other comprehensive income:									
Exchange differences on translating foreign operations	–	–	–	–	–	(453)	(453)	17	(436)
Share of other comprehensive income of an associate	–	–	–	–	–	(153)	(153)	–	(153)
Other comprehensive income for the year	–	–	–	–	–	(606)	(606)	17	(589)
Total comprehensive income for the year	–	–	–	–	(426)	(606)	(1,032)	(216)	(1,248)
Non-controlling interests arising on business combination (Note 28)	–	–	–	–	–	–	–	943	943
Balance as at 31 December 2021	1,497	7,187	2,645	(103)	(719)	(611)	9,896	727	10,623

\# Less than SGD1,000

* As at 31 December 2021, the total of these reserves amounted to SGD8,399,000 (2020: SGD9,431,000).

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	Notes	2021 SGD'000	2020 SGD'000
Cash flows from operating activities			
Loss before income tax expense		**(447)**	(658)
Adjustments for:			
Depreciation of property, plant and equipment		**460**	309
Reversal of impairment of property, plant and equipment		**(8)**	–
Reversal of impairment of right-of-use assets		**(396)**	–
Impairment of right-of-use assets		**–**	162
Impairment of property, plant and equipment		**–**	8
Impairment of interest in an associate		**90**	–
Depreciation of right-of-use assets		**2,539**	2,610
Write off of property, plant and equipment		**–**	3
Gain on disposal of property, plant and equipment		**–**	(4)
(Gain)/Loss on disposal of right-of-use assets		**(42)**	12
Effect of lease termination		**–**	(32)
Amortisation of intangible assets		**62**	–
Bad debts written off		**–**	1
Impairment of trade receivables		**20**	822
Impairment of other receivables		**24**	–
Reversal of impairment of trade receivables		**(302)**	(42)
Write-down of inventories		**122**	–
Interest expenses		**413**	312
Interest income		**(3)**	–
Gain on bargain purchase from acquisition of a subsidiary		**(2)**	–
Share of results of a joint venture		**58**	143
Share of results of an associate		**(37)**	(131)
Operating profit before working capital changes		**2,551**	3,515
Increase in inventories		**(1,049)**	(86)
Decrease/(Increase) in trade and other receivables		**1,345**	(325)
Increase in trade and other payables		**1,082**	308
Cash generated from operations		**3,929**	3,412
Income taxes paid		**(294)**	(294)
Interest paid		**(68)**	(24)
Interest element of lease liabilities paid		**(245)**	(282)
Net cash generated from operating activities		**3,322**	2,812

Consolidated Statement of Cash Flows

For the Year Ended 31 December 2021

	Notes	2021 SGD'000	2020 SGD'000
Cash flows from investing activities			
Purchase of property, plant and equipment		**(2,456)**	(486)
Proceeds from disposal of property, plant and equipment		**–**	21
Proceeds from disposal of right-of-use assets		**106**	164
Payments for right-of-use assets		**(420)**	(211)
Investment in a joint venture		**–**	(211)
Investment in an associate		**–**	(2,506)
Advances to spouse of a director of a subsidiary		**(746)**	–
Interest received		**3**	–
Acquisition of a subsidiary, net of cash		**(1,059)**	–
Net cash used in investing activities		**(4,572)**	(3,229)
Cash flows from financing activities	36		
Repayment of bank borrowings		**(637)**	(173)
Repayment of short term loans		**(407)**	–
Proceeds from bank borrowings		**4,500**	–
Proceeds from short-term loans from related companies		**2,516**	407
Capital element of lease liabilities paid		**(3,577)**	(2,829)
Net cash generated from/(used in) financing activities		**2,395**	(2,595)
Net increase/(decrease) in cash and cash equivalents		**1,145**	(3,012)
Cash and cash equivalents at beginning of the year		**3,331**	6,343
Effect of exchange rate changes on cash and cash equivalents		**18**	–
Cash and cash equivalents at end of the year		**4,494**	3,331
Analysis of balances of cash and cash equivalents			
Cash at banks and on hand	21	**4,494**	3,331

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, car rental business and automotive in Singapore, trading of motor vehicles and provision of management platform services in education business in the People's Republic of China (the "**PRC**"). The particulars of the Company's subsidiaries are set out in Note 30. As at 31 December 2021, 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 29 April 2022.

2. BASIS OF PRESENTATION AND PREPARATION

(a) Basis of presentation

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 majority of the Company's 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 2021

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

Amendments to HKAS 39, HKFRS 4, HKFRS 7, HKFRS 9 and HKFRS 16	Interest Rate Benchmark Reform – Phase 2
Amendments to HKFRS 16	COVID-19-Related Rent Concessions

None of these new or revised HKFRSs have a material impact on the Group's results and financial position for the current or prior period. The Group has not early applied any new or revised HKFRSs that is not yet effective for the current accounting period.

(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 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 16	COVID-19-Related Rent Concessions beyond 30 June 2021[1]
Amendments to HKAS 37	Onerous Contracts – Cost of Fulfilling a Contract[2]
Amendments to HKAS 16	Proceeds before Intended Use[2]
Annual Improvements to HKFRSs	Annual Improvements to HKFRSs 2018-2020 Cycle[2]
Amendments to HKFRS 3	Reference to the Conceptual Framework2[3]
HKFRS 17	Insurance Contracts[4]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current[4]
HK Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause[4]
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies[4]
Amendments to HKAS 8	Definition of Accounting Estimates[4]
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction[4]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[5]

1 Effective for annual periods beginning on or after 1 April 2021.
2 Effective for annual periods beginning on or after 1 January 2022.
3 Effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period beginning on or after 1 January 2022.
4 Effective for annual periods beginning on or after 1 January 2023.
5 The amendments shall be applied prospectively to the sale or contribution of assets occurring in annual periods beginning on or after a date to be determined.

3. ADOPTION OF HKFRSs *(Continued)*

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

(i) Amendments to HKFRS 16 – COVID-19-Related Rent Concessions beyond 30 June 2021

The amendments extend the time limit in one of the qualifying criteria of the practical expedient for COVID-19-related rent concessions from 30 June 2021 to 30 June 2022. As such, the use of the practical expedient is available to most rent concessions, in particular those involving reduction in lease payments originally due after 30 June 2021 but before 30 June 2022.

A lessee is required to apply the amendments retrospectively, with the cumulative effect of initially applying the amendment recognised as an adjustment to the opening balance of equity at the beginning of the annual reporting period. Lessees that had elected to apply the practical expedient in their previous financial statements are required to apply the extension to eligible contracts with similar characteristics and in similar circumstances.

(ii) Amendments to HKAS 37 – Onerous Contracts – Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises that 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (e.g. direct labour and materials) or an allocation of other costs that relate directly to fulfilling contracts (e.g. the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments shall be applied to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated. Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

(iii) Amendments to HKAS 16 – Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, the proceeds from selling such items, and the cost of producing those items, is recognised in profit or loss.

3. ADOPTION OF HKFRSs *(Continued)*

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

(iii) Amendments to HKAS 16 – Proceeds before Intended Use *(Continued)*

The amendments shall be applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

(iv) Annual Improvements to HKFRSs 2018-2020 Cycle

The annual improvements amend a number of standards, including:

- HKFRS 1, First-time Adoption of Hong Kong Financial Reporting Standards, which permit a subsidiary that applies paragraph D16(a) of HKFRS 1 to measure cumulative translation differences using the amounts reported by its parent, based on the parent's date of transition to HKFRSs.

- HKFRS 9, Financial Instruments, which clarify the fees included in the '10 per cent' test in paragraph B3.3.6 of HKFRS 9 in assessing whether to derecognise a financial liability, explaining that only fees paid or received between the entity and the lender, including fees paid or received by either the entity or the lender on other's behalf are included. The amendment shall be applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

- HKFRS 16, Leases, which amend Illustrative Example 13 to remove the illustration of reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives are illustrated in that example.

- HKAS 41, Agriculture, which remove the requirement to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique.

3. ADOPTION OF HKFRSs *(Continued)*

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

(v) Amendments to HKFRS 3 – Reference to the Conceptual Framework

The amendments update HKFRS 3 so that it refers to the revised Conceptual Framework for Financial Reporting 2018 instead of the version issued in 2010. The amendments add to HKFRS 3 a requirement that, for obligations within the scope of HKAS 37, an acquirer applies HKAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of HK(IFRIC)-Int 21 Levies, the acquirer applies HK(IFRIC)-Int 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. The amendments also add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination.

(vi) HKFRS 17 – Insurance Contracts

The new standard establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts and supersedes HKFRS 4 "Insurance Contracts". The standard outlines a 'General Model', which is modified for insurance contracts with direct participation features, described as the 'Variable Fee Approach'. The General Model is simplified if certain criteria are met by measuring the liability for remaining coverage using the Premium Allocation Approach.

(vii) Amendments to HKAS 1 – Classification of Liabilities as Current or Non-current and HK Interpretation 5 (2020), Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability and explain that rights are in existence if covenants are complied with at the end of the reporting period. The amendments also introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

HK Interpretation 5 (2020) was revised as a consequence of the Amendments to HKAS 1 issued in August 2020. The revision to HK Interpretation 5 (2020) updates the wordings in the interpretation to align with the Amendments to HKAS 1 with no change in conclusion and do not change the existing requirements.

3. ADOPTION OF HKFRSs *(Continued)*

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

(viii) Amendments to HKAS 1 and HKFRS Practice Statement 2 – Disclosure of Accounting Policies

Amendments to HKAS 1 and HKFRS Practice Statement 2 replace the requirement of entities to disclose their significant accounting policies with a requirement to disclose their material accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make based on those financial statements. The amendments to HKFRS Practice Statement 2 provide guidance on applying materiality judgments on accounting policy disclosures. In assessing the materiality of accounting policy information, entities are required to consider both the size of the transactions, other events or conditions and the nature of them.

(ix) Amendments to HKAS 8 – Definition of Accounting Estimates

Amendments to HKAS 8 provide a new definition for accounting estimates. The new definition states that accounting estimates are monetary amounts that are subject to material uncertainty. The amendments clarify the distinction among changes in accounting estimates, changes in accounting policies and the correction of errors. They also clarify how entities use measurement techniques and inputs to develop accounting estimates.

(x) Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction

The amendments to HKAS 12 "Income Taxes" require companies to recognise deferred tax on transactions that, on initial recognition, give rise to equal amounts of taxable and deductible temporary differences. They will typically apply to transactions such as leases of lessees and decommissioning obligations and will require the recognition of additional deferred tax assets and liabilities.

The amendment should be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, entities should recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

3. ADOPTION OF HKFRSs *(Continued)*

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

(x) Amendments to HKAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Continued)

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate.

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

The amendments clarify with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. When the transaction with an associate or joint venture that is accounted for using the equity method, any gains or losses resulting from the loss of control of a subsidiary that does not contain a business are recognised in the profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, any gains or losses resulting from the re-measurement of retained interest in any former subsidiary (that has become an associate or a joint venture) to fair value are recognised in the profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The directors of the Company anticipate that the application of these new or revised HKFRSs may have an impact on the financial statements in future periods should such transaction arise.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Business combination, 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.

The results of subsidiaries acquired or disposed of during the year are included in the consolidated statement of other comprehensive income from the effective dates of acquisition or up to the effective dates of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

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

(a) Business combination, basis of consolidation and subsidiaries *(Continued)*

Acquisition of subsidiaries or businesses is accounted for using the acquisition method. The cost of an acquisition is measured at the aggregate of the acquisition-date fair value of assets transferred, liabilities incurred and equity interests issued by the Group, as the acquirer. The identifiable assets acquired and liabilities assumed are principally measured at acquisition date fair value. The Group's previously held equity interest in the acquiree is re-measured at acquisition-date fair value and the resulting gains or losses are recognised in profit or loss. The Group may elect, on a transaction-by-transaction basis, to measure the non-controlling interests that represent present ownership interests in the subsidiary either at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs incurred are expensed unless they are incurred in issuing equity instruments in which case the costs are deducted from equity.

Any contingent consideration to be transferred by the acquirer is recognised at acquisition date fair value. Subsequent adjustments to consideration are recognised against goodwill only to the extent that they arise from new information obtained within the measurement period (a maximum of 12 months from the acquisition date) about the fair value at the acquisition date. All other subsequent adjustments to contingent consideration classified as an asset or a liability are recognised in profit or loss.

Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions. The carrying amounts of the Group's interest and the non-controlling interest are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. Amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for in the same manner as would be required if the relevant assets or liabilities were disposed of.

Subsequent to acquisition, the carrying amount of non-controlling interests that represent present ownership interests in the subsidiary is the amount of those interests at initial recognition plus such non-controlling interest's share of subsequent changes in equity. Total comprehensive income is attributed to such non-controlling interests even if this results in those non-controlling interests having a deficit balance.

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

(a) Business combination, basis of consolidation and subsidiaries *(Continued)*

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.

In the Company's statement of financial position, interests in subsidiaries are stated at cost less impairment loss, if any. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

(b) Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor a joint arrangement. Significant influence is the power to participate in the financial and operating policy decisions of the investee but not control or joint control over those policies.

Associates are accounted for using the equity method whereby they are initially recognised at cost and thereafter, their carrying amount are adjusted for the Group's share of the post acquisition change in the associates' net assets except that losses in excess of the Group's interest in the associate are not recognised unless there is an obligation to make good those losses.

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate. Where unrealised losses provide evidence of impairment of the asset transferred they are recognised immediately in profit or loss.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired, the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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

(c) Joint arrangements

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

The Group classifies its interests in joint arrangements as either:

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

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

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

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

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

(d) 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.

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

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

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	2 to 5 years
Machine equipment	2 to 10 years
Motor vehicles	3 to 10 years
Office equipment	3 years
Leasehold improvements	Over the shorter of remaining life of the leases but not exceeding 3 years

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.

(e) Intangible assets

(i) Goodwill

Goodwill is initially recognised at cost being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree over the fair value of identifiable assets and liabilities acquired.

Where the fair value of identifiable assets and liabilities exceed the fair value of consideration paid, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of the acquirer's previously held equity interest in the acquiree, the excess is recognised in profit or loss on the acquisition date, after re-assessment.

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

(e) Intangible assets *(Continued)*

(i) ***Goodwill*** *(Continued)*

Goodwill is measured at cost less impairment losses. For the purpose of impairment testing, goodwill arising from acquisition is allocated to each of the relevant cash-generating units ("**CGUs**") that are expected to benefit from the synergies of the acquisition. A CGU is the smallest identifiable group of asset that generates cash flows that are largely independent of the cash inflows from other assets or groups of assets. A CGU to which goodwill has been allocated is tested for impairment annually, by comparing its carrying amount with its recoverable amount (see Note 4(m)) and whenever there is an indication that the unit may be impaired.

For goodwill arising from an acquisition in a financial year, the CGU to which goodwill has been allocated is tested for impairment before the end of that financial year. When the recoverable amount of the CGU is less than the carrying amount of the unit, impairment loss is allocated to reduce the carrying amount of any goodwill allocated to the unit first, and then to the other assets of the unit on pro-rata basis over the carrying amount to each asset in the unit. However, the loss allocated to each asset will not reduce the individual asset's carrying amount to below its fair value less cost of disposal (if measurable) or its value in use (if determinable), whichever is the higher. Any impairment loss for goodwill is recognised in profit or loss and is not reversed in subsequent periods.

(ii) Acquired intangible assets

Intangible assets acquired separately are initially recognised at cost. The cost of intangible assets acquired in a business combination is fair value at the date of acquisition. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and any impairment losses.

Amortisation is recognised in profit or loss and is provided on straight-line method over their estimated useful lives as follows.

Software development system	5 years

(iii) Impairment

Intangible assets with finite lives are tested for impairment when there is an indication that an asset may be impaired. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that they may be impaired. Intangible assets are tested for impairment by comparing their carrying amounts with their recoverable amounts (see Note 4(m)).

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

(e) Intangible assets *(Continued)*

(iii) Impairment *(Continued)*

If the recoverable amount 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.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount; however, the carrying amount should not be increased above the lower of its recoverable amount and the carrying amount that would have resulted had no impairment loss been recognised for the asset in prior years. All reversals are recognised in profit or loss immediately.

(f) Leases

The Group as a lessee

All leases are required to be capitalised in the statement of financial position as right-of-use assets and lease liabilities, but accounting policy choices exist for an entity to choose not to capitalise (i) leases which are short-term leases and/or (ii) leases for which the underlying asset is of low-value. The Group has elected not to recognise right-of-use assets and lease liabilities for low-value assets and leases for which at the commencement date have a lease term of 12 months or less. The lease payments associated with those leases have been expensed on straight-line basis over the lease term.

Right-of-use asset

The right-of-use asset is initially recognised at cost and would comprise:

(i) the amount of the initial measurement of the lease liability (see below for the accounting policy to account for lease liability);

(ii) any lease payments made at or before the commencement date, less any lease incentives received;

(iii) any initial direct costs incurred by the lessee; and

(iv) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset to the condition required by the terms and conditions of the lease, unless those costs are incurred to produce inventories.

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

(f) Leases *(Continued)*

Right-of-use asset *(Continued)*

Except for right-of-use asset that meets the definition of an investment property or a class of property, plant and equipment to which the Group applies the revaluation model, the Group measures the right-of-use assets applying a cost model. Under the cost model, the Group measures the right-of-use assets at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liability.

Lease liability

The lease liability is recognised at the present value of the lease payments that are not paid at the date of commencement of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

The following payments for the right-of-use of the underlying asset during the lease term that are not paid at the commencement date of the lease are considered to be lease payments:

(i) fixed lease payments less any lease incentives receivable;

(ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at commencement date;

(iii) amounts expected to be payable by the lessee under residual value guarantees;

(iv) exercise price of a purchase option, if the lessee is reasonably certain to exercise that option; and

(v) payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

Subsequent to the commencement date, the Group measures the lease liability by:

(i) increasing the carrying amount to reflect interest on the lease liability;

(ii) reducing the carrying amount to reflect the lease payments made; and

(iii) remeasuring the carrying amount to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payments.

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

(f) Leases *(Continued)*

Lease liability *(Continued)*

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjusts the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted using a revised discount rate. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised, except the discount rate remains unchanged. In both cases, an equivalent adjustment is made to the carrying value of the right-of-use asset, with the revised carrying amount being amortised over the remaining (revised) lease term. If the carrying amount of the right-of-use asset is adjusted to zero, any further reduction is recognised in profit or loss.

When the Group renegotiates the contractual terms of a lease with the lessor, if the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone price for the additional rights-of-use obtained, the modification is accounted for as a separate lease, in all other cases, where the renegotiated increases the scope of the lease (whether that is an extension to the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discount rate applicable on the modification date, with the right-of-use asset being adjusted by the same amount. With the exception to which the practical expedient for COVID-19-Related Rent Concessions applies, if the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial or full termination of the lease with any difference recognised in profit or loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date and the right-of-use asset is adjusted by the same amount.

The Group as a lessor

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

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.

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

(f) Leases *(Continued)*

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.

(g) 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 for automotive business in Singapore and the PRC and weighted average method is used for education business in the PRC. 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.

(h) 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.

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

(h) Financial instruments *(Continued)*

(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 or 12-months ECLs. 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 individually or collectively 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.

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.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represents the portion of lifetime ECL that is expected to result from default events that are possible within 12 months after the reporting date. 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.

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)*

(h) 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.

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.

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

(h) Financial instruments *(Continued)*

(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.

(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.

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

(h) Financial instruments *(Continued)*

(vii) Contract assets and contract liabilities

A contract asset is recognised when the Group recognises revenue (see Note 4(p)) 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(h)(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(p)). 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.

(i) 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.

(j) 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.

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

(j) Foreign currencies *(Continued)*

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 nonmonetary 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.

(k) 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.

(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.

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

(l) 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.

(m) 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.

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.

(n) 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.

(o) 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.

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

(p) 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

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)*

(p) 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(f)).

(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.

(v) Education platform service income is recognised as revenue over time for services rendered over the service period on a straight-line basis. For the hardware and equipment supplied in relation to the education platform service, the income is recognised at the point in time when the control of the goods is transferred to customers.

(q) 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.

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.

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

(q) Income taxes *(Continued)*

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.

(r) Research and development costs

Expenditure on research (or the research phase of an internal project) is recognised as an expense in the period in which it is incurred. An internally-generated intangible asset arising from development activities (or from the development phase of an internal project) is recognised if, and only if, all of the following have demonstrated:

– the technical feasibility of completing the intangible asset so that it will be available for use or sale;

– the intention to complete the intangible asset and use or sell it;

– the ability to use or sell the intangible asset;

– how the intangible asset will generate probable future economic benefits;

– the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

– the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible asset is the sum of the expenditure incurred form the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible asset is measured at cost less accumulated amortisation and accumulated impairment losses (if any), on the same basis as intangible assets that are acquired separately.

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

(s) 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.

(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.

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 20.

(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 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.

(vi) Principal versus agent considerations

Determining whether the Group is acting as a principal or as an agent in the provision of certain goods or services to its customers requires judgment and consideration of all relevant facts and circumstances. In evaluation of the Group's role as a principal or agent, the Group considers, individually or in combination, whether the Group controls the specified goods or services before it is transferred to the customers, is primarily responsible for fulfilling the contracts, is subject to inventory risk, and has discretion in establishing prices.

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

(vii) Valuation of intangible assets and estimated useful lives

The Group has made estimations and assumptions in relation to the potential future cash flows of identifiable intangible assets acquired as part of business combinations. This assessment involves estimations and assumptions relating to potential future revenues, appropriate discount rates and the estimated useful lives of such assets. These estimations and assumptions impact the statement of profit or loss over the estimated useful life of the intangible asset.

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

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

– After-market automotive services – inspection, repair services and maintenance

– Car rental services – provision of car rental services

– Automotive supply business – trading of motor vehicles and supply of passenger car spare parts, accessories and automotive equipment

– Education business service – data collection and provision of management platform service

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 not directly attributable to the business activities of any operating segment.

6. SEGMENT INFORMATION *(Continued)*

Segment liabilities included all liabilities but excluded current and deferred tax liabilities, certain lease liabilities and corporate liabilities not directly attributable to the business activities of any operating segment.

(a) Business segment

For the year ended 31 December 2021

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment revenue					
Revenue from external customers	12,141	2,505	42,444	54	57,144
Segment profit/(loss)	5,529	538	472	(443)	6,096
Other income and gains					426
Share of results of a joint venture	(58)	–	–	–	(58)
Share of results of an associate	37	–	–	–	37
Unallocated staff costs					(3,094)
Unallocated corporate expenses					(3,569)
Unallocated finance costs					(285)
Loss before income tax expense					(447)
Other segment information					
Unallocated depreciation					(1,318)
Unallocated income tax					(212)

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

For the year ended 31 December 2020

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment revenue					
Revenue from external customers	11,200	1,983	9,114	–	22,297
Segment profit/(loss)	5,620	(639)	(94)	–	4,887
Other income and gains					983
Share of results of a joint venture	(143)	–	–	–	(143)
Share of results of an associate	131	–	–	–	131
Unallocated staff costs					(2,597)
Unallocated corporate expenses					(3,889)
Unallocated finance costs					(30)
Loss before income tax expense					(658)
Other segment information					
Unallocated depreciation					(1,295)
Unallocated income tax					(131)

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

As at 31 December 2021

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment assets	3,623	10,847	2,144	1,603	18,217
Interest in a joint venture	–	–	–	–	–
Interest in an associate	1,827	–	–	–	1,827
	5,450	10,847	2,144	1,603	20,044
Unallocated property, plant and equipment					25
Unallocated right-of-use assets					1,990
Unallocated cash and cash equivalents					4,494
Unallocated corporate assets					1,218
Total assets					27,771

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment liabilities	759	6,404	1,987	146	9,296
Current tax liabilities					568
Deferred tax liabilities					62
Unallocated bank borrowings					1,500
Unallocated lease liabilities					2,076
Unallocated corporate liabilities					3,646
Total liabilities					17,148

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

As at 31 December 2020

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment assets	3,386	7,564	1,185	–	12,135
Interest in a joint venture	58	–	–	–	58
Interest in an associate	2,642	–	–	–	2,642
	6,086	7,564	1,185	–	14,835
Unallocated property, plant and equipment					40
Unallocated right-of-use assets					3,054
Unallocated cash and cash equivalents					3,329
Unallocated corporate assets					1,306
Total assets					22,564

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Segment liabilities	1,417	3,865	1,328	–	6,610
Current tax liabilities					538
Deferred tax liabilities					97
Unallocated lease liabilities					3,126
Unallocated corporate liabilities					1,265
Total liabilities					11,636

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).

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

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

For the year ended 31 December 2021

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Other segment information					
Additions to non-current assets	347	2,858	–	–	3,205
Depreciation of property, plant and equipment	(205)	(183)	(1)	(13)	(402)
Depreciation of right-of-use assets	(34)	(1,224)	(21)	–	(1,279)
Amortisation of intangible assets	–	–	–	(62)	(62)
Reversal of impairment of trade receivables	302	–	–	–	302
Reversal of impairment of property, plant and equipment	–	8	–	–	8
Reversal of impairment of right-of-use assets	–	396	–	–	396
Impairment of interest in an associate	(90)	–	–	–	(90)
Write-down of inventories	–	–	–	(122)	(122)
Staff costs	(1,879)	(231)	(119)	(92)	(2,321)
Finance costs	–	(128)	–	–	(128)
Research expenses	–	–	–	(177)	(177)

6. SEGMENT INFORMATION *(Continued)*

(a) Business segment *(Continued)*

For the year ended 31 December 2020

	After-market automotive services SGD'000	Car rental services SGD'000	Automotive supply business SGD'000	Education business service SGD'000	Total SGD'000
Other segment information					
Additions to non-current assets	487	587	–	–	1,074
Depreciation of property, plant and equipment	(128)	(157)	–	–	(285)
Depreciation of right-of-use assets	(23)	(1,316)	–	–	(1,339)
Reversal of impairment of trade receivables	39	3	–	–	42
Impairment of right-of-use assets	–	(162)	–	–	(162)
Impairment of property, plant and equipment	–	(8)	–	–	(8)
Staff costs	(1,474)	(120)	(30)	–	(1,624)
Finance costs	–	(282)	–	–	(282)

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

	Revenue from external customers		Specified non-current assets*	
	2021 SGD'000	2020 SGD'000	**2021 SGD'000**	2020 SGD'000
Geographic information				
Singapore (place of domicile)	**15,068**	13,474	**13,341**	11,154
The PRC	**42,076**	8,823	**522**	2
Other Asian countries	**–**	–	**1,827**	2,700
Total	**57,144**	22,297	**15,690**	13,856

* Specified non-current asset excluded any financial 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:

	Automotive supply business		Car rental services	
	2021	2020	**2021**	2020
	SGD'000	SGD'000	**SGD'000**	SGD'000
Customer A	**4,548#**	2,811	**–**	–
Customer B	**11,085**	–	**–**	–

The corresponding revenue did not contribute over 10% of the total revenue of the Group for the year.

7. REVENUE

An analysis of revenue from the Group's principal activities is as follows:

	2021	2020
	SGD'000	SGD'000
Revenue from contracts with customers within the scope of HKFRS 15		
Service income	**11,663**	10,749
Warranty income	**478**	451
Automotive supply income	**42,444**	9,114
Education business service income	**54**	–
Revenue from other sources		
Car rental income	**2,505**	1,983
	57,144	22,297

	2021	2020
	SGD'000	SGD'000
Disaggregation by timing of revenue recognition		
Over time	**12,195**	11,200
Point in time	**42,444**	9,114
	54,639	20,314

7. REVENUE *(Continued)*

(a) Contract assets

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

	2021 **SGD'000**	2020 SGD'000
Contract assets (Note 20)	**169**	246

(i) Nature of 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 2021 and 2020 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:

	2021 **SGD'000**	2020 SGD'000
Within one year	**169**	246

(iii) An impairment analysis was 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 2021, no provision was made as the ECLs on contract assets were immaterial (2020: nil).

7. REVENUE *(Continued)*

(b) Contract liabilities

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

	2021 SGD'000	2020 SGD'000
Contract liabilities (Note 22)	**1,626**	1,142

(i) Nature of contract liabilities

Contract liabilities of the Group arise from the advance payments made by customers while the underlying goods or services have not been provided. Balance as at 31 December 2021 and 2020 mainly represented advance payments received from customers under the Group's after-market automotive service business and automotive supply 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 and automotive supply business such that did not include information about service and supply income that the Group will be entitled to when it satisfies the remaining performance obligations under the contracts of service and supply income that had an original expected duration of one year or less.

The contract liabilities as at 31 December 2021 and 2020 did not include any considerations that the Group may earn in the future by meeting conditions set out in the contracts of service and supply income with customers.

(iii) Movements in contract liabilities

	2021 SGD'000	2020 SGD'000
Balance as at 1 January	**1,142**	215
Increase in contract liabilities as a result of advance payments made by customers	**1,581**	1,037
Amounts included in contract liabilities that was recognised as revenue during the year	**(1,099)**	(110)
Exchange realignment	**2**	–
Balance as at 31 December	**1,626**	1,142

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

During the years ended 31 December 2021 and 2020, there were no significant incremental costs to obtain a contract.

8. OTHER INCOME AND GAINS

	2021 SGD'000	2020 SGD'000
Government grants (Note)	**303**	700
Gain on disposal of property, plant and equipment	**–**	4
Gain on disposal of right-of-use assets	**42**	–
Gain on acquisition of a subsidiary (Note 28)	**2**	–
Exchange gains	**–**	159
Interest income	**3**	–
Others	**76**	120
	426	983

Note:

There were no unfulfilled conditions and other contingencies attaching to government grants for income recognised during the years ended 31 December 2021 and 2020.

9. LOSS BEFORE INCOME TAX EXPENSE

	2021 SGD'000	2020 SGD'000
Loss before income tax expense is arrived at after charging/(crediting):		
Auditor's remuneration	**100**	78
Depreciation of property, plant and equipment		
– Direct depreciation expenses	**402**	285
– Indirect depreciation expenses	**58**	24
– Total	**460**	309
Depreciation of right-of-use assets		
– Direct depreciation expenses	**1,279**	1,339
– Indirect depreciation expenses	**1,260**	1,271
– Total	**2,539**	2,610
Employee benefit expenses (including directors' emoluments) (Note 12)		
– Salaries, allowances and other benefits	**4,988**	3,897
– Contributions to defined contribution retirement plan	**427**	324
– Total	**5,415**	4,221

9. LOSS BEFORE INCOME TAX EXPENSE *(Continued)*

	2021 SGD'000	2020 SGD'000
– Direct employee benefit expenses	**2,321**	1,624
– Indirect employee benefit expenses	**3,094**	2,597
– Total	**5,415**	4,221
Amortisation of intangible assets	**62**	–
Impairment of property, plant and equipment (Note 15(a))	**–**	8
Reversal of impairment of property, plant and equipment (Note 15(a))	**(8)**	–
Impairment of right-of-use assets (Note 15(c))	**–**	162
Reversal of impairment of right-of-use assets (Note 15(c))	**(396)**	–
Impairment of interest in an associate (Note 18)	**90**	–
Impairment of trade receivables (Note 20)	**20**	822
Impairment of other receivables (Note 20)	**24**	–
Reversal of impairment of trade receivables (Note 20)	**(302)**	(42)
Bad debts written off	**–**	1
Loss on disposal of right-of-use assets	**–**	12
Effect of lease termination	**–**	(32)
Write off of property, plant and equipment	**–**	3
Short-term lease expenses	**39**	207
Other expenses		
– Utilities expense	**84**	59
– Cost of services	**211**	266
– Maintenance costs	**807**	858
– Merchant fees and bank charges	**194**	167
– Office-related expenses	**280**	174
– Professional and legal fees	**745**	615
– Telecommunication expenses	**42**	40
– Refreshments	**3**	3
– Bad debts written off	**–**	1
– Loss on disposal of right-of-use assets	**–**	12
– Research expenses	**177**	–
– Other operating expenses	**81**	36
Total	**2,624**	2,231

10. FINANCE COSTS

	2021 SGD'000	2020 SGD'000
Interest element of lease liabilities	**245**	282
Interest on bank borrowings	**68**	24
Interest on short-term loans wholly repayable within 1 year	**100**	6
	413	312

11. INCOME TAX EXPENSE

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

	2021 SGD'000	2020 SGD'000
The PRC		
Current tax		
– Current year	**57**	–
Singapore		
Current tax		
– Current year	**169**	96
– Under-provision in respect of prior years	**98**	47
Deferred tax credit (Note 24)	**(112)**	(12)
Income tax expense	**212**	131

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the year ended 31 December 2021 (2020: 17%).

Taxes on profits assessable elsewhere have been calculated at the rates prevailing in the relevant jurisdictions for the years ended 31 December 2021 and 2020.

11. INCOME TAX EXPENSE *(Continued)*

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

	2021	2020
	SGD'000	SGD'000
Loss before income tax expense	**(447)**	(658)
Tax calculated at the domestic tax rate	**(76)**	(112)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions	**(24)**	(6)
Tax effect of share of results of a joint venture	**10**	26
Tax effect of share of results of an associate	**(6)**	(23)
Tax effect of expenses not deductible for tax purposes	**363**	165
Tax effect of revenue not taxable for tax purposes	**(74)**	(28)
Tax effect of deductible temporary difference not recognised	**(55)**	–
Under-provision in respect of prior years	**98**	47
Tax rebates	**(18)**	(22)
Tax effect of unused tax losses not recognised	**–**	75
Others	**(6)**	9
Income tax expense	**212**	131

12. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

(a) Directors' emoluments

The emoluments of each of the directors for the years ended 31 December 2021 and 2020 are set out below:

	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 2021					
Executive directors					
Mr. Hu Wu'an (Note (ii))	–	21	–	–	21
Mr. Ang Lay Keong (Hong Liqiang)	–	216	20	24	260
Ms. Lim Li Ling (Lin Liling)	–	124	10	17	151
Mr. Goh Duo Tzer (Wu Duoze)	–	123	5	16	144
Ms. Nie Li	–	21	–	–	21
Ms. Lin Xiaojuan	–	21	–	–	21
Independent non-executive directors					
Mr. Chu Kin Ming	21	–	–	–	21
Ms. Tan Meng Choon	18	–	–	–	18
Mr. Ong Kar Loom (Wang Jialun) (Note (iii))	3	–	–	–	3
Mr. Chang Li-Chung (Note (iv))	–	15	–	–	15
	42	541	35	57	675

	Fees SGD'000	Salaries, allowances and other benefits SGD'000	Discretionary bonuses SGD'000	Contributions to defined contribution retirement plan SGD'000	Total SGD'000
Year ended 31 December 2020					
Executive directors					
Mr. Ang Lay Keong (Hong Liqiang)	–	194	–	20	214
Ms. Lim Li Ling (Lin Liling)	–	102	–	15	117
Ms. Tan Peck Luan (Chen Biluan)	–	24	–	2	26
Mr. Goh Duo Tzer (Wu Duoze)	–	97	–	15	112
Ms. Nie Li	14	–	–	–	14
Ms. Lin Xiaojuan	9	–	–	–	9
Independent non-executive directors					
Mr. Chu Kin Ming	21	–	–	–	21
Mr. Tang Chi Chiu	16	–	–	–	16
Ms. Liang Weizhang	9	–	–	–	9
Mr. Ong Kar Loom (Wang Jialun)	12	–	–	–	12
Ms. Tan Meng Choon	5	–	–	–	5
	86	417	–	52	555

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

(a) Directors' emoluments *(Continued)*

Notes:

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

(ii) Mr. Hu Wu'an was appointed as the Company's executive director on 6 January 2021.

(iii) Mr. Ong Kar Loom (Wang Jialun) resigned as the Company's independent non-executive director on 25 February 2021.

(iv) Mr. Chang Li-Chung was appointed as the Company's independent non-executive director on 25 February 2021.

During the years ended 31 December 2021 and 2020, 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 2021 and 2020.

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group included three and three directors for the years ended 31 December 2021 and 2020 respectively, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining highest paid non-director individuals are as follows:

	2021 **SGD'000**	2020 SGD'000
Salaries, allowances and other benefits	**218**	198
Discretionary bonus	**9**	–
Contribution to defined contribution retirement plan	**25**	10
	252	208

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:

	2021 Number of individuals	2020 Number of individuals
Nil – HK$1,000,000	**4**	4
HK$1,000,001 – HK$1,500,000	**1**	1

During the years ended 31 December 2021 and 2020, none of the five highest paid individuals waived or agreed to waive any emoluments and there were no emoluments paid by the Group to any of the five highest paid individuals as an inducement to join, or upon joining the Group, or as compensation for loss of office.

13. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year ended 31 December 2021 (2020: Nil).

14. LOSSES PER SHARE

	2021	2020
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 (SGD'000)	**(426)**	(789)
Weighted average number of ordinary shares in issue (Note)	**850,000,000**	850,000,000
Basic and diluted losses per share (SGD cents)	**(0.05)**	(0.09)

Note:

For the year ended 31 December 2021, 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 (2020: 850,000,000) ordinary shares in issue.

Diluted losses per share were the same as basic losses per share as there was no dilutive potential ordinary share in existence during the years ended 31 December 2021 and 2020.

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							
As at 1 January 2020	613	245	874	1,049	87	761	3,629
Additions	52	55	53	276	3	47	486
Disposals	(20)	(6)	(24)	–	–	(65)	(115)
Write off	–	–	–	(61)	–	–	(61)
Reclassification from right-of-use assets (Note (b))	–	–	–	356	–	–	356
As at 31 December 2020 and 1 January 2021	645	294	903	1,620	90	743	4,295
Acquisition of a subsidiary (Note 28)	–	15	100	25	–	–	140
Additions	89	27	177	2,075	–	88	2,456
Reclassification from right-of-use assets (Note (b))	–	–	–	2,900	–	–	2,900
Exchange realignment	–	–	2	1	–	–	3
As at 31 December 2021	734	336	1,182	6,621	90	831	9,794
Accumulated depreciation and impairment							
As at 1 January 2020	478	244	833	870	80	720	3,225
Charge for the year	81	7	32	169	4	16	309
Disposals	(21)	(6)	(24)	–	–	(47)	(98)
Write off	–	–	–	(58)	–	–	(58)
Impairment (Note (c))	–	–	–	8	–	–	8
Reclassification from right-of-use assets (Note (b))	–	–	–	178	–	–	178
As at 31 December 2020 and 1 January 2021	538	245	841	1,167	84	689	3,564
Charge for the year	88	27	96	207	3	39	460
Reversal of impairment (Note (c))	–	–	–	(8)	–	–	(8)
Reclassification from right-of-use assets (Note (b))	–	–	–	1,486	–	–	1,486
As at 31 December 2021	626	272	937	2,852	87	728	5,502
Net carrying amount							
As at 31 December 2020	107	49	62	453	6	54	731
As at 31 December 2021	108	64	245	3,769	3	103	4,292

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

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

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 2020	8,608	2,132	10,740	7,266
Lease commencement	618	1,547	2,165	1,954
Depreciation expenses	(1,339)	(1,271)	(2,610)	–
Reclassification to property, plant and equipment (Note (a))	(178)	–	(178)	–
Lease modification	–	1,084	1,084	1,084
Impairment (Note (c))	(162)	–	(162)	–
Disposal	(176)	–	(176)	–
Lease termination	–	(438)	(438)	(470)
Interest expenses	–	–	–	282
Payments	–	–	–	(3,111)
As at 31 December 2020 and 1 January 2021	7,371	3,054	10,425	7,005
Lease commencement	2,065	240	2,305	1,885
Depreciation expenses	(1,258)	(1,281)	(2,539)	–
Reclassification to property, plant and equipment (Note (a))	(1,414)	–	(1,414)	–
Lease modification	–	(3)	(3)	(3)
Reversal of impairment (Note (c))	396	–	396	–
Disposal	(64)	–	(64)	–
Interest expenses	–	–	–	245
Payments	–	–	–	(3,822)
As at 31 December 2021	7,096	2,010	9,106	5,310

The Group recognised rent expenses from short-term leases of SGD39,000 (2020: SGD207,000) in profit or loss for the year ended 31 December 2021.

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

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

The remaining contractual maturities of the Group's lease liabilities as at 31 December 2021 and 2020 are as follows:

	2021		2020	
	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	**2,978**	**3,128**	3,504	3,672
After 1 year but within 2 years	**1,422**	**1,477**	2,518	2,608
After 2 years but within 5 years	**910**	**946**	983	1,034
	2,332	**2,423**	3,501	3,642
	5,310	**5,551**	7,005	7,314
Less: total future interest expense		**(241)**		(309)
Present value of lease liabilities		**5,310**		7,005

(c) Reversal of impairment loss/Impairment loss recognised

During the year ended 31 December 2021, management has identified certain motor vehicles under right-of-use assets (Note (b)) and property, plant and equipment (Note (a)) as a cash-generating unit ("**CGU**") and an impairment reassessment was performed by management on the CGU by estimating the recoverable amount based on a value-in-use calculation using a pre-tax discount rate of 15.1% (2020: 15.2%). The recoverable amount of the CGU as at 31 December 2021 was calculated at SGD11,082,000 (2020: SGD7,824,000) while the aggregate net carrying amount of the CGU before reversal of impairment was SGD10,461,000 (2020: before impairment loss of SGD8,164,000).

Under HKAS 36, the increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortisation or depreciation), had no impairment loss been recognised for the asset in prior years. Accordingly, an aggregate reversal of impairment loss of SGD404,000 (2020: impairment loss of SGD170,000) was recognised to profit or loss during the year ended 31 December 2021, of which SGD396,000 (2020: SGD162,000) and SGD8,000 (2020: SGD8,000) was allocated to motor vehicles under right-of-use assets and property, plant and equipment respectively on a pro-rata basis. The reversal of impairment was mainly attributable to improved performance in the segment of car rental services with increased segment revenue and profit during the year ended 31 December 2021.

16. INTANGIBLE ASSETS

	Software development system SGD'000
Cost	
As at 1 January 2020, 31 December 2020 and 1 January 2021	–
Acquisition of a subsidiary (Note 28)	462
Exchange realignment	3
As at 31 December 2021	465
Accumulated amortisation and impairment	
As at 1 January 2020, 31 December 2020 and 1 January 2021	–
Charge for the year	62
Exchange realignment	–#
As at 31 December 2021	62
Net carrying amount	
As at 31 December 2021	403
As at 31 December 2020	–

Less than SGD1,000

As at 31 December 2021, the Group's intangible assets included software development system with net carrying amount of SGD403,000 (2020: nil) and will be fully amortised in approximately in 4.3 years (2020: nil).

All of the intangible assets were valued as at the date of acquisition (i.e. 8 May 2021) by Roma Appraisals Limited, a firm of independent professional valuers, on the following basis:

Software development system	The Multi-Period Excess Earnings Method under the Income Approach

17. INTEREST IN A JOINT VENTURE

	2021 SGD'000	2020 SGD'000
Share of net assets other than goodwill	–	58

Movements in interest in a joint venture during the year are as follow:

	2021 SGD'000	2020 SGD'000
As at 1 January	58	–
Additions	–	211
Share of result	(58)	(143)
Share of other comprehensive income	–	(10)
As at 31 December	–	58

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

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests 2021	Percentage of ownership interests 2020	Place of incorporation and operation
Absolute By Optima Werkz (Thailand) Co., Ltd. (Note)	Thailand	BAHT12,000,000	40%	40%	Repair and maintenance of motor vehicles including installation of parts and accessories

Notes:

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

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

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

17. INTEREST IN A JOINT VENTURE *(Continued)*

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

	Absolute By Optima Werkz (Thailand) Co., Ltd. 2021 SGD'000	2020 SGD'000
As at 31 December		
Current assets	**903**	1,248
Non-current assets	**1,444**	1,950
Current liabilities	**(627)**	(749)
Non-current liabilities	**(2,174)**	(2,306)
Net (liabilities)/assets	**(454)**	143
Reconciliation to the Group's interest in a joint venture:		
Proportion of the Group's ownership	**40%**	40%
Group's share of net assets of the joint venture (excluding goodwill)	**–**	58
Carrying amount of interest in the joint venture	**–**	58
Year ended 31 December		
Revenue	**536**	656
Interest income	**–#**	–#
Other income	**12**	6
Depreciation and amortisation	**(353)**	(315)
Interest expense	**(74)**	(89)
Other expenses	**(679)**	(616)
Income tax expense	**–**	–
Net loss for the year	**(558)**	(358)
Other comprehensive income	**(32)**	(27)
Total comprehensive income	**(590)**	(385)
Dividends received by the Group from the joint venture	**–**	–

Less than SGD1,000

The joint venture had no significant contingent liabilities or commitments as at 31 December 2021 (2020: nil).

18. INTEREST IN AN ASSOCIATE

	2021 SGD'000	2020 SGD'000
Share of net assets other than goodwill	**426**	691
Goodwill	**1,491**	1,951
Impairment loss	**(90)**	–
As at 31 December	**1,827**	2,642

Movements in interest in an associate during the year are as follow:

	2021 SGD'000	2020 SGD'000
As at 1 January	**2,642**	–
Additions	**–**	2,506
Share of net result of an associate	**37**	131
Share of other comprehensive income	**(613)**	5
Impairment loss	**(90)**	–
Dividend	**(149)**	–
As at 31 December	**1,827**	2,642

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

Name	Place of incorporation/ operation	Issued and fully paid share capital	Percentage of ownership interests 2021	Percentage of ownership interests 2020	Place of incorporation and operation
Optima Werkz Myanmar Services Co. Ltd. (Note)	Myanmar	US$1,000,000	**35%**	35%	Repair and maintenance of motor vehicles including installation of parts and accessories

Note:

Werkz Myanmar Holdings Pte. Ltd. ("**OWMH**"), an indirect wholly-owned subsidiary of the Company, being a limited liability company incorporated in Singapore, held 35% equity interest in Optima Werkz Myanmar Services Co., Ltd. ("**OWMS**"). The principal activity of OWMS is repair and maintenance of motor vehicles, including installation of parts and accessories in Myanmar. The Group has invested in OWMS in order to expand the overseas business of the Group to diversify its country risk.

18. INTEREST IN AN ASSOCIATE *(Continued)*

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

During the year ended 31 December 2021, management has identified impairment indicator on interest in an associate due to unfavourable market conditions in automotive business in Myanmar. Management has performed an impairment assessment by estimating the recoverable amount based on a value-in-use calculation using a pre-tax discount rate of 17.5%. The recoverable amount as at 31 December 2021 was calculated at SGD1,827,000 while the aggregate net carrying amount was SGD1,917,000. Accordingly, an impairment loss of SGD90,000 was recognised to profit or loss during the year ended 31 December 2021.

Summarised financial information of the Group's associate, adjusted for any difference in accounting policies:

	Optima Werkz Myanmar Services Co. Ltd.	
	2021	2020
	SGD'000	SGD'000
As at 31 December		
Current assets	**498**	1,774
Non-current assets	**1,401**	714
Current liabilities	**(19)**	(510)
Non-current liabilities	**(665)**	(4)
Net assets	**1,215**	1,974
Reconciliation to the Group's interest in an associate:		
Proportion of the Group's ownership	**35%**	35%
Group's share of net assets of the associate (excluding goodwill)	**426**	691
Goodwill	**1,491**	1,951
Impairment loss	**(90)**	–
Carrying amount of interest in the associate	**1,827**	2,642
Year ended 31 December		
Revenue	**1,653**	267
Profit or loss for the year	**105**	376
Other comprehensive income	**(438)**	16
Total comprehensive income	**(333)**	392
Dividend receivable from associate	**149**	–

The associate had no contingent liabilities or commitments as at 31 December 2021 (2020: nil).

19. INVENTORIES

	2021 SGD'000	2020 SGD'000
Parts and accessories	**2,195**	1,090

The change in trading inventories and cost of materials used amounted to SGD41,831,000 and SGD4,639,000 during the year ended 31 December 2021 respectively (2020: SGD9,031,000 and SGD3,762,000).

20. TRADE AND OTHER RECEIVABLES

	2021 SGD'000	2020 SGD'000
Trade receivables	**2,019**	2,834
Less: impairment loss	**(767)**	(1,066)
Trade receivables, net (Note (a))	**1,252**	1,768
Contract assets (Note 7(a))	**169**	246
Deposits, prepayment and other receivables (Note (b))	**4,033**	2,273
	5,454	4,287
Categorised as:		
Current portion	**5,198**	4,093
Non-current portion	**256**	194
	5,454	4,287

Notes:

(a) As at 31 December 2021, included in trade receivables represented lease receivables arising from car rental business amounted to SGD125,000 (2020: SGD148,000).

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

(b) As at 31 December 2021, included in other receivables represented the gross carrying amount of RMB3,500,000 (equivalent to approximately SGD746,000)(2020: nil) due from a related party, spouse of a director of a subsidiary. The amounts due were unsecured, interest-free and repayable on demand. The maximum balance during the year ended 31 December 2021 was RMB3,500,000 (equivalent to approximately SGD746,000)(2020: nil). During the year ended 31 December 2021, impairment loss of SGD24,000 (2020: nil) have been provided for the amounts due from a related party under other receivables, which was assessed based on expected credit losses model under general approach.

As at 31 December 2021, included in other receivables represented dividend receivable from an associate of SGD149,000 (2020: nil).

20. 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:

	2021	2020
	SGD'000	SGD'000
Within 30 days	**481**	490
31 – 60 days	**169**	298
61 – 90 days	**110**	162
91 – 180 days	**163**	264
181 – 365 days	**249**	437
Over 365 days	**80**	117
	1,252	1,768

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

	2021	2020
	SGD'000	SGD'000
Not yet past due	**244**	211
Less than 60 days	**431**	611
61 – 90 days	**102**	159
91 – 180 days	**163**	239
181 – 365 days	**250**	431
Over 365 days	**62**	117
	1,008	1,557
	1,252	1,768

Trade receivables that were not yet past due related to a range of customers for whom there was no recent history of default. Trade receivables that were past due related to customers with long business relationship. Based on past experience, management believes that 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.

20. TRADE AND OTHER RECEIVABLES *(Continued)*

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

	2021	2020
	SGD'000	SGD'000
At beginning of year	**1,066**	413
Allowance for impairment (Note 9)	**20**	822
Reversal of impairment	**(302)**	(42)
Write off against receivables	**(17)**	(127)
At end of year	**767**	1,066

Impairment of trade receivables

As at 31 December 2021, total allowance of SGD726,000 (2020: SGD992,000) 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 loss prescribed by HKFRS 9 and total allowance of SGD41,000 (2020: SGD74,000) was made against the gross amount of trade receivables as at 31 December 2021. No bad debts was written off directly to profit or loss for the year ended 31 December 2021 (2020: SGD1,000)(Note 9).

All contract assets and other receivables as at 31 December 2021 and 2020 were neither past due nor credit-impaired.

21. CASH AND CASH EQUIVALENTS

	2021	2020
	SGD'000	SGD'000
Cash on hand	**3**	2
Cash at bank	**4,491**	3,329
	4,494	3,331

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

22. TRADE AND OTHER PAYABLES

	2021 SGD'000	2020 SGD'000
Trade payables (Note (a))	**726**	652
Other payables, accruals and deposits received (Note (b))	**4,356**	1,565
Contract liabilities (Note 7(b))	**1,626**	1,142
	6,708	3,359

Notes:

(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:

	2021 SGD'000	2020 SGD'000
Within 30 days	**357**	321
31 – 60 days	**285**	222
61 – 90 days	**63**	90
Over 90 days	**21**	19
	726	652

(b) As at 31 December 2020, included in other payables represented loan payable to an independent third party of SGD407,000 which was unsecured, interest-bearing at 3.6% per annum and repayable on 29 June 2021. The interest payable arising from short-term loans amounted to SGD6,000 as at 31 December 2020.

As at 31 December 2021, other payables included amounts due to related companies represented loans with principal amounts of USD390,000, HKD5,010,000 and RMB5,220,000 (in aggregate equivalent to approximately SGD2,516,000), which were unsecured, interest-bearing at 5% per annum and repayable within one year. The interest payable arising from short-term loans amounted to SGD106,000 as at 31 December 2021. Ms. Nie Li (director of the Company) and Mr. Hu Wu'an (chairman and executive director of the Company) were directors of the related companies, while Ms. Nie Li was a shareholder and Mr. Hu Wu'an was a controlling shareholder of the related companies.

23. BANK BORROWINGS

	2021 SGD'000	2020 SGD'000
Secured and interest-bearing bank borrowings (Note (i))		
– Bank loans due for repayment within a year	**569**	174
– Bank loans due for repayment after a year (Note (ii))	**3,931**	463
	4,500	637
Categorised as:		
Current portion	**569**	174
Non-current portion	**3,931**	463
	4,500	637

Notes:

(i) Bank loans are interest bearing at fixed rates as at 31 December 2021 (2020: floating rates). The interest rates of the Group's bank loans as at 31 December 2021 and 2020 granted under banking facilities ranged from 2.5% to 2.6% and 2.7% to 4.2% respectively per annum.

(ii) As at 31 December 2021 and 2020, none of the portion of these bank loans due for repayment after one year contain a repayment on demand clause nor are expected to be settled within one year.

(iii) As at 31 December 2021 and 2020, the Group's banking facilities are secured by corporate guarantee of the Company.

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

	2021 SGD'000	2020 SGD'000
On demand or within one year	**569**	174
More than one year, but not exceeding two years	**1,098**	184
More than two years, but not exceeding five years	**2,833**	279
	4,500	637

24. DEFERRED TAX

The analysis of deferred tax is as follows:

	2021	2020
	SGD'000	SGD'000
Deferred tax liabilities	**(62)**	(97)

The movement on deferred tax during the years ended 31 December 2021 and 2020 are as follows:

	Accelerated tax depreciation	**Fair value adjustments arising from business combination**	**Total**
	SGD'000	SGD'000	SGD'000
As at 1 January 2020	(109)	–	(109)
Credited to profit or loss for the year (Note 11)	12	–	12
As at 31 December 2020 and 1 January 2021	(97)	–	(97)
Acquisition of a subsidiary (Note 28)	–	(77)	(77)
Credited to profit or loss for the year (Note 11)	97	15	112
As at 31 December 2021	–	(62)	(62)

As at 31 December 2021 and 2020, no deferred tax liabilities have been recognised on taxable temporary difference in relation to the undistributed earnings of subsidiaries as the Group is able to control the timing of reversal of these taxable temporary difference and it is probable that such difference will not reverse in foreseeable future.

As at 31 December 2021 and 2020, deferred tax assets relating to tax losses of the Group has not been recognised as it is not probable that taxable profit will be available against which the unused tax losses can be utilised.

25. SHARE CAPITAL

	Number	Amount HK$'000	Amount SGD'000
Authorised:			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	16,000,000,000	160,000	28,191
Issued and fully paid:			
As at 1 January 2020, 31 December 2020, 1 January 2021 and 31 December 2021	850,000,000	8,500	1,497

26. 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.

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. 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. upon the completion of the Reorganisation.

Other reserve

Other reserve represents the difference between the consideration received/paid and the carrying amount of net assets attributable to the reduction/increase of equity interest in subsidiaries without loss of control.

26. RESERVES *(Continued)*

Foreign exchange reserve

Exchange differences arising from the translation of the net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e. SGD) are recognised directly in other comprehensive income and accumulated in the foreign exchange reserve. The reserve is dealt with in accordance with the accounting policy of foreign currencies set out in Note 4(j).

The Company

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

	Share premium SGD'000	**Merger reserve** SGD'000	**Accumulated losses** SGD'000	**Total** SGD'000
Balance as at 1 January 2020	7,187	5,195	(4,688)	7,694
Loss and total comprehensive income for the year	–	–	(433)	(433)
Balance as at 31 December 2020 and 1 January 2021	7,187	5,195	(5,121)	7,261
Loss and total comprehensive income for the year	–	–	(1,652)	(1,652)
Balance as at 31 December 2021	7,187	5,195	(6,773)	5,609

27. HOLDING COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	**2021 SGD'000**	2020 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Investment in subsidiaries		**5,212**	5,212
Amounts due from subsidiaries		**1,648**	2,602
Total non-current assets		**6,860**	7,814
Current assets			
Prepayments		**156**	218
Cash and cash equivalents		**244**	898
Total current assets		**400**	1,116
Current liabilities			
Other payables		**154**	172
Total current liabilities		**154**	172
Net current assets		**246**	944
Net assets		**7,106**	8,758
EQUITY			
Share capital	25	**1,497**	1,497
Accumulated losses		**(6,773)**	(5,121)
Merger reserve	26	**5,195**	5,195
Share premium	26	**7,187**	7,187
Total equity		**7,106**	8,758

Ang Lay Jeong (Hong Liqiang)
Director

Goh Duo Tzer (Wu Duozer)
Director

28. BUSINESS ACQUISITION

On 29 April 2021, the Group, had entered into an agreement to acquire and Ms. Lin Aisheng, Ms. Wang Kaiqieng and Mr. Zhou Yian (the "**Vendors**") have agreed to sell an aggregate of 53% of the equity interest in Hunan Maliang Digital Technology Co., Ltd. 湖南馬良數碼科技股份有限公司 (the "**Target Company**") at the total consideration of RMB5,077,840 (equivalent to approximately SGD1,061,000) through Shenzhen Bainian Health Biotechnology Co. Ltd. 深圳百年健康生物科技有限公司 (the "**Purchaser**"), an indirect wholly-owned subsidiary of the Company (the "**Acquisition**"). Pursuant to which and upon completion, the Group will acquire the control over Target Company as the Group will has existing rights that give it the current ability to direct the relevant activities of the Target Company, i.e. the activities that significantly affect its variable returns. The Target Company will become an indirect non-wholly owned subsidiary of the Company and the financial results of the Target Company will be consolidated into the consolidated financial statements of the Group. The acquisition was completed on 8 May 2021.

The Target Company is principally engaged in education data collection and provision of management platform services focusing on the PRC's kindergarten sector. The Group believes that the Acquisition is strategically beneficial for the Group to:

(i) leverage on the Target Company to enter into the PRC market;

(ii) diversify the Group's business to cover education data collection and management platform services in the PRC; and

(iii) broaden its source of income.

28. BUSINESS ACQUISITION *(Continued)*

The fair value of net identifiable assets of the Target Company as at the date of acquisition were:

	Notes	SGD'000
Property, plant and equipment (Note 15(a))		140
Intangible assets (Note 16)		462
Inventories		178
Trade and other receivables	(i)	1,359
Cash and bank balances		2
Trade and other payables		(58)
Deferred tax liabilities recognised upon fair value adjustments (Note 24)		(77)
The fair value of net identifiable assets acquired		2,006
Less: non-controlling interests		(943)
		1,063
Total consideration at fair value		1,061
Gain from bargain purchase arising on acquisition (Note 8)		2
Consideration satisfied by:		
Cash consideration		1,061
Net cash outflow arising on acquisition:		
Cash consideration paid at acquisition		(1,061)
Cash and bank balances acquired		2
		(1,059)

Notes:

(i) The fair value of trade and other receivables amounted to SGD1,359,000. The gross amount of these receivables in SGD1,379,000. None of these receivables have been impaired and it is expected that the full contractual amount can be collected.

(ii) The non-controlling interests were measured at proportionate share in the recognised amounts of the acquiree's identifiable net assets at acquisition date.

(iii) The gain from bargain purchase arising on acquisition of SGD2,000 was recognised under other income (Note 8) in profit or loss during the year ended 31 December 2021, since the 53% of fair value of net identifiable assets acquired of SGD1,063,000 exceeds the total consideration at fair value of SGD1,061,000.

(iv) The acquisition-related costs of SGD9,000 have been expensed and are included in administrative expenses.

(v) Since the acquisition date, the Target Company has contributed SGD54,000 and SGD495,000 to the Group's revenue and net loss respectively for the period from 8 May 2021 to 31 December 2021. On a pro forma basis, had the acquisition occurred on 1 January 2021, the Group's revenue and net loss would have been SGD57,145,000 and SGD1,347,000 respectively. This pro forma information is for illustrative purposes only and is not necessarily an indication of revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed on 1 January 2021, nor is it intended to be a projection of future performance.

29. NON-CONTROLLING INTERESTS

湖南馬良數碼科技股份有限公司 ("**湖南馬良**") was a 53% indirectly owned subsidiary of the Company. Summarised financial information in relation to the post-acquisition non-controlling interests of 湖南馬良, before inter-group eliminations, is presented below:

	2021 SGD'000
Since acquisition to 31 December	
Revenue	54
Loss for the year	(495)
Other comprehensive income for the year	36
Total comprehensive income for the year, after depreciation and impairment (net of tax)	(459)
Loss allocated to NCI	(233)
Loss and total comprehensive income allocated to NCI	(216)
Dividend paid to NCI	–
Since acquisition to 31 December	
Cash inflow from operating activities	753
Cash outflow from investing activities	(749)
Cash inflow from financing activities	–
Net cash inflow	4

	31/12/2021 SGD'000
Current assets	1,195
Non-current assets	505
Current liabilities	(92)
Non-current liabilities	(62)
Net assets	1,546
Accumulated non-controlling interests	727

30. INVESTMENTS IN SUBSIDIARIES

Particulars of the Company's subsidiaries as at 31 December 2021 and 2020 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 2021 Directly	2021 Indirectly	2020 Directly	2020 Indirectly	Principal activities
Optima International Limited	Incorporated in the British Virgin Islands on 16 March 2018	The British Virgin Islands	US$100	**100%**	**-**	100%	–	Investment holding
Prosper Might Holdings Limited	Incorporated in the British Virgin Islands on 2 January 2020	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 Leasing Pte. Ltd. (formerly known as Optima Carz Pte. Ltd.)	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%	Franchise agency services
Optima Werkz Thailand Holdings Pte. Ltd.	Incorporated in Singapore on 2 February 2020	Singapore	SGD100	**-**	**100%**	–	100%	Investment holding
Optima Werkz Myanmar Holdings Pte. Ltd.	Incorporated in Singapore on 5 July 2017	Singapore	US$1,000,000	**-**	**100%**	–	100%	Investment holding
Joy Vast Investment Limited	Incorporated in Hong Kong on 2 March 2020	Hong Kong	HK$1	**-**	**100%**	–	100%	Investment holding
深圳百年健康生物科技有限公司	Incorporated in the People's Republic of China on 27 April 2020	The People's Republic of China	Registered capital of RMB30,000,000	**-**	**100%**	–	100%	Investment holding
深圳傲迪淘車汽車貿易有限公司	Incorporated in the People's Republic of China on 19 June 2018	The People's Republic of China	Registered capital of RMB10,000,000	**-**	**100%**	–	100%	Trading of motor vehicles
湖南傲迪瑪汽車有限公司	Incorporated in the People's Republic of China on 3 February 2021	The People's Republic of China	Registered capital of RMB18,418,800	**-**	**100%**	–	–	Trading of motor vehicles
湖南馬良數碼科技股份有限公司	Incorporated in the People's Republic of China on 17 November 2014	The People's Republic of China	Registered capital of RMB30,000,000	**-**	**53%**	–	–	Education data collection and provision of management platform services

31. OPERATING LEASE COMMITMENTS

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 2021 and 2020 were SGD2,505,000 and SGD1,983,000 respectively. As at 31 December 2021 and 2020, the minimum rent receivables of the Group under non-cancellable operating leases in respect of motor vehicles are as follows:

	2021 **SGD'000**	2020 SGD'000
Not later than one year	**181**	173
Later than one year and not later than two years	**72**	74
Later than two years and not later than three years	**17**	26
Later than three years and not later than four years	**6**	16
Later than four years and not later than five years	**–**	7
	276	296

32. COMMITMENTS

As at 31 December 2021, the Group has purchase commitment of SGD426,000 relating to new motor vehicles for car rental business.

As at 31 December 2021 and 2020, the Group did not have other significant commitments.

33. 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.

(ii) Compensation of key management

Remuneration of key management personnel, who are directors of the Company, during the years ended 31 December 2021 and 2020 were disclosed in Note 12.

Notes to the Consolidated Financial Statements

34. SUMMARY OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES BY CATEGORY

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

	2021	2020
	SGD'000	SGD'000
Financial assets		
Financial assets at amortised cost (Note)		
– Trade and other receivables	**2,511**	2,125
– Cash and cash equivalents	**4,494**	3,331
	7,005	5,456
Financial liabilities		
Financial liabilities at amortised cost (Note)		
– Trade and other payables	**5,082**	2,217
– Bank borrowings	**4,500**	637
– Lease liabilities	**5,310**	7,005
	14,892	9,859

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.

35. 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:

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

(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 Group assessed expected credit losses individually for trade receivables with significant balance and collectively that are not individually significant. The expected credit losses on individually insignificant trade receivables are estimated using a provision matrix by reference to past default experience of the debtors with changes in current market condition in which the debtors' operate. 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. Trade receivables are normally due ranged from 30 to 90 days. Normally, the Group does not obtain collateral from customers.

The Group applies the simplified approach to providing for ECLs prescribed by HKFRS 9, which permits the use of lifetime expected loss 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 0.2% (2020: 0.2%). The ECLs for trade receivables past due within 90 days is assessed to be 2% (2020: 2%) and within 180 days is assessed to be 3% (2020: 3%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 7% (2020: 7%) and over 365 days is assessed to be 10% (2020: 13%). 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 the reporting date. The directors assessed the risk or probability that a credit loss will occur remained minimal and did not fluctuate significantly since the last reporting date. Moreover, the Group's operations are principally conducted in Singapore and the PRC and there has not been any significant adverse events which affected the economy of these locations during the years ended 31 December 2021 and 2020 and it is expected that their future economic conditions will continue to remain steady. The movement of loss allowance for these balances as at 31 December 2021 and 2020 is set out in Note 20.

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

(a) Credit risk *(Continued)*

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

	Gross carrying amount SGD'000	Expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2021				
Collectively assessed				
Not yet past due	**244**	**0.2**	**–#**	**244**
Less than 60 days	**440**	**2**	**(9)**	**431**
61 – 90 days	**104**	**2**	**(2)**	**102**
91 – 180 days	**168**	**3**	**(5)**	**163**
181 – 365 days	**268**	**7**	**(18)**	**250**
Over 365 days	**69**	**10**	**(7)**	**62**
	1,293		**(41)**	**1,252**
Individually assessed	**726**	**100**	**(726)**	**–**
	2,019		**(767)**	**1,252**

\# Represents amount less than SGD1,000

	Gross carrying amount SGD'000	Expected credit losses rate %	Expected credit losses allowance SGD'000	Net carrying amount SGD'000
As at 31 December 2020				
Collectively assessed				
Not yet past due	211	0.2	–#	211
Less than 60 days	623	2	(12)	611
61 – 90 days	162	2	(3)	159
91 – 180 days	246	3	(7)	239
181 – 365 days	464	7	(33)	431
Over 365 days	136	13	(19)	117
	1,842		(74)	1,768
Individually assessed	992	100	(992)	–
	2,834		(1,066)	1,768

\# Represents amount less than SGD1,000

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

(a) Credit risk *(Continued)*

Expected loss 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 was 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 2021 and 2020.

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, loss allowance of SGD24,000 was recognised for the year ended 31 December 2021 (2020: Nil).

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:

	2021		2020	
	SGD'000	**% of total trade receivables**	SGD'000	% of total trade receivables
Largest customer	**113**	**9%**	154	9%
Five largest customers	**462**	**37%**	623	35%

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 2021 and 2020 and are considered to be effective in managing the Group's exposure.

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

(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 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 2021 bore interest at fixed rates (2020: floating rates) whereas its lease liabilities bore interest at fixed rates. Details of bank borrowings and lease liabilities are disclosed in Notes 23 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.

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 reserves	
	2021	2020
	SGD'000	SGD'000
Changes in interest rate		
+1%	**71**	10
–1%	**(71)**	(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.

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

(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 2021 and 2020 is considered to be effective in managing liquidity risks.

The following tables summarise the remaining contractual maturities of the Group's financial liabilities including bank borrowings 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 2021						
Trade and other payables	**5,082**	**5,208**	**5,208**	**–**	**–**	**–**
Bank borrowings	**4,500**	**4,784**	**675**	**1,183**	**2,926**	**–**
Lease liabilities	**5,310**	**5,551**	**3,128**	**1,477**	**946**	**–**
	14,892	**15,543**	**9,011**	**2,660**	**3,872**	**–**

	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 2020						
Trade and other payables	3,359	3,374	3,374	–	–	–
Bank borrowings	637	667	189	194	284	–
Lease liabilities	7,005	7,314	3,672	2,608	1,034	–
	11,001	11,355	7,235	2,802	1,318	–

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

(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.

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 2021 and 2020 were as follows:

	2021 **SGD'000**	2020 SGD'000
Bank borrowings, secured	**4,500**	637
Lease liabilities	**5,310**	7,005
Short-term loans	**2,622**	413
Total debts	**12,432**	8,055
Total equity	**10,623**	10,928
Gearing ratio	**1.2 times**	0.7 times

36. 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 statements of cash flows from financing activities.

For the year ended 31 December 2021	At the beginning of the year SGD'000	Lease commencement SGD'000	Lease modification 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
Lease liabilities	**7,005**	**1,885**	**(3)**	**245**	**(245)**	**(3,577)**	**5,310**
Bank borrowings, secured	**637**	**–**	**–**	**68**	**(68)**	**3,863**	**4,500**
Short-term loans	**413**	**–**	**–**	**100**	**–**	**2,109**	**2,622**

For the year ended 31 December 2020	At the beginning of the year SGD'000	Lease commencement SGD'000	Lease modification SGD'000	Lease termination 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
Lease liabilities	7,266	1,954	1,084	(470)	282	(282)	(2,829)	7,005
Bank borrowings, secured	810	–	–	–	24	(24)	(173)	637
Short-term loans	–	–	–	–	6	–	407	413

Summary of Financial Information

The following is a summary of the published results and assets and liabilities of the Group for the last five financial years, as extracted from this annual report and the accountants' report on historical financial information of the Group as contained in the Prospectus.

RESULTS:

	Years ended 31 December				
	2021	2020	2019	2018	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Revenue	**57,144**	22,297	16,634	17,985	18,641
(Loss)/Profit before income tax expense	**(447)**	(658)	(1,981)	93	2,224
Income tax expense	**(212)**	(131)	(176)	(336)	(318)
(Loss)/Profit and total comprehensive income for the year	**(1,248)**	(794)	(2,157)	(243)	1,906

ASSETS AND LIABILITIES:

	As at 31 December				
	2021	2020	2019	2018	2017
	SGD'000	SGD'000	SGD'000	SGD'000	SGD'000
Total non-current assets	**15,884**	14,050	12,292	10,532	12,506
Total current assets	**11,887**	8,514	10,942	9,221	9,980
Total current liabilities	**10,823**	7,575	7,149	6,610	8,450
Total non-current liabilities	**6,325**	4,061	4,363	6,238	8,281
Total equity	**10,623**	10,928	11,722	6,905	5,755