

ZHONGSHI MINAN HOLDINGS LIMITED

中食民安控股有限公司

(incorporated in the Cayman Islands with limited liability)

STOCK CODE: 8283

2023 Interim Report



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

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CORPORATE INFORMATION

EXECUTIVE DIRECTORS

Mr. WANG Lei
(Co-Chairman and Chief Executive Officer)
Mr. FENG Wei *(Co-Chairman)*
Mr. CHUA Boon Hou (CAI Wenhao)
Ms. WU Lili

NON-EXECUTIVE DIRECTORS

Mr. WANG Bing
Mr. ZHAO Yanjiao

INDEPENDENT NON-EXECUTIVE DIRECTORS

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

AUDIT COMMITTEE

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

REMUNERATION COMMITTEE

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

NOMINATION COMMITTEE

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

RISK MANAGEMENT COMMITTEE

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

COMPLIANCE OFFICER

Mr. CHUA Boon Hou (CAI Wenhao)

COMPANY SECRETARY

Mr. LO Kam Tai

AUTHORISED REPRESENTATIVES

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

AUDITOR

CCTH CPA Limited
Certified Public Accountants
Unit 1510–1517, 15/F, Tower 2
Kowloon Commerce Centre
No. 51 Kwai Cheong Road, Kwai Chung
New Territories, Hong Kong

PRINCIPAL BANKS

DBS Bank Limited
United Overseas Bank Limited
China Merchants Bank

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL PLACE OF BUSINESS AND HEADQUARTERS IN SINGAPORE

176 Sin Ming Drive
#01-15 Sin Ming Autocare
Singapore 575721

REGISTERED OFFICE IN THE CAYMAN ISLANDS

Windward 3, Regatta Office Park
P.O. Box 1350
Grand Cayman KY1-1108
Cayman Islands

PRINCIPAL PLACE OF BUSINESS IN HONG KONG UNDER PART 16 OF THE COMPANIES ORDINANCE (CAP 622)

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

STOCK CODE

8283

COMPANY'S WEBSITE ADDRESS

www.zhongshiminanholdings.com

INTERIM RESULTS

The board of Directors (the "Board") of the Company is pleased to report the unaudited condensed consolidated financial results of the Company and its subsidiaries (collectively the "Group") for the three months and six months ended 30 June 2023 together with the unaudited comparative figures for the corresponding period in the year 2022.

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

For the three months and six months ended 30 June 2023

	Notes	Three months ended 30 June		Six months ended 30 June	
		2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
REVENUE	3	5,183	5,584	11,851	11,103
Other income and gains		901	52	970	289
Items of expense					
Cost of materials		(2,571)	(3,201)	(5,916)	(6,500)
Marketing and advertising expenses		(22)	(28)	(62)	(54)
Employee benefits expense		(1,724)	(1,565)	(3,455)	(2,897)
Depreciation of property, plant and equipment		(104)	(357)	(212)	(729)
Depreciation of right of use assets		(170)	(170)	(340)	(340)
Amortisation of intangible assets		–	(4)	–	(8)
Finance costs		(21)	(53)	(37)	(107)
Other expenses		(933)	(800)	(1,660)	(969)
Profit/(loss) before tax	4	539	(542)	1,139	(212)
Income tax expense	5	(24)	(18)	(24)	(53)
Profit/(loss) for the period		515	(560)	1,115	(265)
OTHER COMPREHENSIVE (EXPENSE)/INCOME					
Other comprehensive (expense)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations		(40)	1	(30)	1
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD		475	(559)	1,085	(264)
Profit/(loss) attributable to:					
Owners of the parent		679	(513)	1,114	(218)
Non-controlling interests		(164)	(47)	1	(47)
		515	(560)	1,115	(265)
Total comprehensive income/(loss) attributable to:					
Owners of the parent		639	(512)	1,084	(217)
Non-controlling interests		(164)	(47)	1	(47)
		475	(559)	1,085	(264)
PROFIT/(LOSS) PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT					
– Basic and diluted (Singapore cents per share)	7	0.03	(0.02)	0.06	(0.01)

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at 30 June 2023

	Notes	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	8	2,864	3,044
Right-of-use assets		1,666	1,836
Financial assets at fair value through profit or loss		560	560
Prepayments, other receivables and other assets	10	1,285	1,285
Total non-current assets		6,375	6,725
CURRENT ASSETS			
Financial assets at fair value through profit or loss		1,213	722
Inventories		1,045	1,293
Trade receivables	9	1,229	1,134
Prepayments, other receivables and other assets	10	7,162	6,876
Cash and cash equivalents		3,417	2,988
Total current assets		14,066	13,013
CURRENT LIABILITIES			
Trade and other payables	11	7,162	6,119
Bank and other borrowings	12	64	400
Lease liabilities	12	614	870
Contract liabilities		2,128	2,261
Tax payable		64	153
Total current liabilities		10,032	9,803
NET CURRENT ASSETS		4,034	3,210
TOTAL ASSETS LESS CURRENT LIABILITIES		10,409	9,935
NON-CURRENT LIABILITIES			
Provisions		413	413
Contract liabilities		–	673
Lease liabilities	12	1,322	1,261
Deferred tax liabilities		12	12
Total non-current liabilities		1,747	2,359
Net assets		8,662	7,576
EQUITY			
Equity attributable to owners of the parent			
Share capital	13	900	900
Reserves		7,759	6,674
		8,659	7,574
Non-controlling interests		3	2
Total equity		8,662	7,576

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the six months ended 30 June 2023

	Share capital S\$'000	Share premium S\$'000	Other capital reserve S\$'000	Merger reserve S\$'000	Accumulated losses S\$'000	Foreign currency translation reserve S\$'000	Total S\$'000	Non-controlling interests S\$'000	Total equity S\$'000
At 1 January 2022 (audited)	900	8,982	126	3,884	(6,248)	(16)	7,628	–	7,628
Loss and total comprehensive income for the period	–	–	–	–	(218)	1	(217)	(47)	(264)
At 30 June 2022 (unaudited)	900	8,982	126	3,884	(6,466)	(15)	7,411	(47)	7,364
At 1 January 2023 (audited)	900	8,982	126	3,884	(6,323)	5	7,574	2	7,576
Profit and total comprehensive expense for the period	–	–	–	–	1,115	(30)	1,085	1	1,086
At 30 June 2023 (unaudited)	900	8,982	126	3,884	(5,208)	(25)	8,659	3	8,662

UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

For the six months ended 30 June 2023

	Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Net cash from operating activities	887	765
Net cash used in investing activities	(32)	(18)
Net cash used in financing activities	(426)	(874)
Net increase/(decrease) in cash and cash equivalents	429	(127)
Cash and cash equivalents at beginning of the period	2,988	4,131
Cash and cash equivalents at end of the period	3,417	4,004

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three months and six months ended 30 June 2023

1. General information

Zhongshi Minan Holdings Limited (the “Company”) is an exempted company with limited liability incorporated in the Cayman Islands on 17 March 2016. The registered office of the Company is at the offices of Ocorian Trust (Cayman) Limited, Windward 3, Regatta Office Park, P.O. Box 1350, Grand Cayman KY1-1108, Cayman Islands. The principal place of business in Hong Kong under Part 16 of the Companies Ordinance (CAP. 622) is at Room E, 15th Floor, Leahander Centre, 28 Wang Wo Tsai Street, Tsuen Wan, New Territories, Hong Kong.

The Company and its subsidiaries (collectively referred to as the “Group”) were involved in the following principal activities:

- maintenance and repair of passenger cars
- modification, tuning and grooming of the performance or appearance of passenger cars and trading of spare parts and accessories
- provision of a sales-integrated service platform
- trading of passenger cars
- development, manufacturing, consultancy and sale of smart kitchen appliances

2. Basis of preparation

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

The Group has adopted all the new and revised IFRSs which have been issued and effective on 1 January 2023 by IASB that are relevant to its operations. The adoption of these new and revised IFRSs did not result in substantial changes to the Group’s accounting policies and has no material effect on the financial performance or position of the Group since last financial year end.

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

Basis of Consolidation

The unaudited condensed consolidated financial statements include the financial statements of the Company and its subsidiaries for the three months and six months ended 30 June 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- (a) the contractual arrangement with the other vote holders of the investee;
- (b) rights arising from other contractual arrangements; and
- (c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group. All intra-group income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

3. Revenue

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

	Three months ended 30 June		Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Revenue from contracts with customers	5,183	5,584	11,851	11,103

4. Profit/(loss) before tax

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

	Three months ended 30 June		Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Depreciation of property, plant and equipment	104	357	212	729
Amortisation of intangible assets	–	4	–	8
Depreciation of right-of-use assets	170	170	340	340
Staff costs (excluding directors' and chief executive's remuneration)	1,622	1,565	3,251	2,897

5. Income tax expense

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

Pursuant to the rules and regulations of the Cayman Islands, the Company is not subject to any income tax in the Cayman Islands.

Subsidiaries in Singapore are subject to taxation at a rate of 17% on the estimated profits arising in Singapore during the period.

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

	Three months ended 30 June		Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Current income tax				
– Current period	24	18	24	53
Tax expense for the period	24	18	24	53

6. Dividends

The Board did not recommend the payment of any interim dividend for the six months ended 30 June 2023 (2022: Nil).

7. Profit/(loss) per share attributable to ordinary equity holders of the parent

As at 30 June 2023, the Company had 2,000,000,000 ordinary shares in issue. The calculation of basic earnings/(loss) per share is based on the following data:

	Three months ended 30 June		Six months ended 30 June	
	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)	2023 S\$'000 (Unaudited)	2022 S\$'000 (Unaudited)
Profit/(loss) for the period attributable to owners of the Company for the purpose of basic loss per share	679	(513)	1,114	(218)

	Three months ended 30 June		Six months ended 30 June	
	2023 '000 (Unaudited)	2022 '000 (Unaudited)	2023 '000 (Unaudited)	2022 '000 (Unaudited)
Number of Shares				
Weighted average number of ordinary shares for the purpose of basic profit/(loss) per share	2,000,000	2,000,000	2,000,000	2,000,000

Basic profit/(loss) per share for the six months ended 30 June 2023 is S0.06 cent (2022: S(0.01) cent).

8. Property, plant and equipment

During the six months ended 30 June 2023, the Group acquired S\$0.03 million plant and equipment (six months ended 30 June 2022: S\$0.01 million).

9. Trade receivables

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Trade receivables, gross carrying amount	1,347	1,252
Impairment	(118)	(118)
Trade receivables, net	1,229	1,134

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

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

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Less than 30 days	1,107	1,050
30–60 days	42	39
61–90 days	58	18
91–120 days	22	28
More than 120 days	118	117
	1,347	1,252

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

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
At beginning of the year	118	62
Impairment loss recognised	–	56
At end of the period/year	118	118

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating, and coverage by letters of credit or other forms of credit insurance). 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 forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than one year and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 30 June 2023

	Past due				Total S\$'000
	Current S\$'000	Less than 1 month S\$'000	1 to 3 months S\$'000	Over 3 months S\$'000	
Gross carrying amount	1,107	42	80	118	1,347
Expected credit losses	–	–	–	(118)	(118)
	1,107	42	80	–	1,229

As at 31 December 2022

	Past due				Total S\$'000
	Current S\$'000	Less than 1 month S\$'000	1 to 3 months S\$'000	Over 3 months S\$'000	
Gross carrying amount	1,054	35	46	117	1,252
Expected credit losses	–	–	(1)	(117)	(118)
	1,054	35	45	–	1,134

10. Prepayments, other receivables and other assets

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Non-current		
Loans receivables from third parties*	1,285	1,285
Current		
Prepayments	556	855
Other receivables	1,659	633
Deposits**	3,838	5,002
Loans receivables from third parties*	1,109	386
	7,162	6,876
	8,447	8,161

* The amount mainly represents interest-bearing S\$ loans provided to customers for the purchase of vehicles.

** The amount mainly represents deposits paid for the purchase of vehicles for resale purpose.

The financial assets included in the above balances relate to receivables for which there was no recent history of default and past due amounts. As at 30 June 2023 and 31 December 2022, the loss allowance was assessed to be minimal.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses of loan receivables from third parties. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., age). 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 forecasts of future economic conditions.

Set out below is the information about the credit risk exposure on the Group's loan receivables from third parties using a provision matrix:

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Gross carrying amount	2,394	1,671
Expected credit losses	-	-
	2,394	1,671

11. Trade and other payables

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Trade payables	1,245	1,259
Other payables	2,462	1,434
Accrued expenses	1,249	1,220
Amount due to a director*	2,206	2,206
	7,162	6,119

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

Trade payables and other payables are normally settled on 60 days' terms. These amounts are non-interest bearing.

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

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Less than 30 days	798	721
30–60 days	352	232
61–90 days	13	1
More than 90 days	82	305
	1,245	1,259

12. Interest-bearing bank and other borrowings

	30 June 2023		31 December 2022	
	Maturity	S\$'000 (Unaudited)	Maturity	S\$'000 (Audited)
Current				
Lease liabilities	2024	614	2023	870
Term loans:				
– S\$ loan at 3% per annum (note a)	2024	64	2023	400
		678		1,270
Non-current				
Lease liabilities	2025–2026	1,322	2024–2026	1,261
Total		2,000		2,531

	30 June 2023 S\$'000 (Unaudited)	31 December 2022 S\$'000 (Audited)
Analysed into:		
Within one year	678	1,270
In the second year	691	578
In the third to fifth years	631	683
	2,000	2,531

Notes:

- (a) This loan is secured by the legal assignment of the life insurance policy and personal guarantee given by a director of the Group's subsidiaries.

13. Share capital

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

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

	2023 S\$'000	2022 S\$'000
Issued and fully paid:		
2,000,000,000 (2022: 2,000,000,000) ordinary shares	900	900

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

MANAGEMENT DISCUSSION AND ANALYSIS

Business review

For the six months ended 30 June 2023, the Group recorded an increase in revenue of approximately S\$0.75 million or 6.7% from approximately S\$11.1 million for the six months ended 30 June 2022 to approximately S\$11.85 million for the six months ended 30 June 2023. The increase in revenue was largely due to additional revenue generated from our new business in Mainland China.

For the six months ended 30 June 2023, the Group recorded a profit of approximately S\$1.12 million as compared to a loss of approximately S\$0.27 million for the corresponding period in 2022. The substantial increase in profit was primarily attributed to the overall increase in our group revenue as well as gain from investment.

The Group is a leading automotive service provider in Singapore. We have over 19 years of experience in the passenger car service industry and offer a comprehensive range of passenger car services. Our passenger car services in Singapore mainly including (i) maintenance and repair services; and (ii) modification, tuning and grooming services. These two services contributed approximately 89% or S\$10.5 million of total revenue for the period ended 30 June 2023 (30 June 2022: 97% or S\$10.8 million).

We have the capability to maintain and repair a wide range of brands of passenger cars in Singapore and are equipped with diagnostic equipment for carrying out such services. We modify and tune mainly luxury and ultra-luxury passenger cars, providing services ranging from aesthetic modifications including installing body kits, to performance modifications including lowering the suspension of passenger cars and replacing the engine control unit. We also sell passenger car spare parts and accessories in Singapore and export to other countries, such as Malaysia, Indonesia, the United Kingdom, China and Thailand.

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

Outlook

The reopening of Singapore's border and the influx of high-net-worth individuals and family offices resulted in increasing demand for new car sales. The Certificate of entitlement (COE) premiums ended the year at an all-time high in December 2022, driven by increasing demand for larger and more powerful electric vehicles (EV) against the tight supply of COEs. Under the government's zero-growth policy for cars, this means that the number of COE quotas issued is constrained by the number of old COEs deregistered. Pursuant to the statistics from the government of Singapore, as at 31 December 2022, the total number of motor vehicle population stood at 995,746 of which 650,667 are cars and private hire cars.

Further, under the Singapore Green Plan 2030, all new cars and taxi registrations will be of cleaner-energy models from 2023 and a comprehensive EV Roadmap to drive EV adoption has been set out. A target of 60,000 EV charging points to be installed by 2030 to ensure accessibility of charging infrastructure to encourage EV adoption. This includes 40,000 charging points in public carparks and 20,000 charging points in private premises. Every HDB town will also be an EV-Ready Town, with approximately 2,000 carparks to be equipped with charging points by 2025. The EV Early Adoption Incentive (EEAI), Vehicular Emissions Scheme (VES), and EV Common Charger Grant (ECCG) were introduced to incentivise and encourage motorists to switch to EVs. The Government's initiatives to gradually phase out internal combustion engines car to electric car by 2040 is unlikely to have a significant impact on the Group's business in the next 5 years as petrol-driven cars still make up the majority of cars on the road. Despite aforesaid, in preparation for the market developments, the Group will continue to pursue technological advancement in both repair equipment and new vehicle types to ensure that our technicians continuously improve their skills and technical knowledge in order for them to be able to service a wide range of brands of passenger cars. The Group is also constantly looking for new business opportunities to widen their product range and service offerings in Singapore and overseas.

In relation to the new smart kitchen segment, the Group will implement a multiple business development model, including offline retail stores, food delivery, small vegetable packaging, food and beverage branding incubation, and SaaS+ empowerment. By integrating industry SaaS+ services, the Group will build a complete vertical management system and commercial empowerment system, providing a full range of solutions from procurement, production, sales for channels and traditional enterprises. Moving forward, the company's business scope will continue to expand, with the aim of becoming a leading platform for global prefabricated vegetable industry SaaS+ services.

Moving forward, against a backdrop of a weaker global economic outlook in 2023, hampered by inflation hikes and aggressive monetary policy tightening by major central banks, our Group remains cautious and will continue to focus on customer service and retention and acquire new customers through new products and services.

Financial review

Revenue

For the six months ended 30 June 2023, the Group recorded an increase in revenue of approximately S\$0.75 million or 6.7% from approximately S\$11.1 million for the six months ended 30 June 2022 to approximately S\$11.85 million for the six months ended 30 June 2023. The increase in revenue was largely due to additional revenue generated from our new business in Mainland China.

Cost of materials

Although there was a 6.7% increase in revenue, our cost of materials decreased by approximately S\$0.58 million or 9.0% for the six months ended 30 June 2023. Consequently, our gross profit margin saw a substantial improvement of approximately 8.6% from 41.5% for the six months ended 30 June 2022 to approximately 50.1% for the six months ended 30 June 2023 due to the better gross profit margin contributed from our new food and kitchen appliances trading business in Mainland China.

Other income and gains

Other income and gains increased by approximately S\$0.68 million or 235.6% from approximately S\$0.29 million for the period ended 30 June 2022 to approximately S\$0.97 million for the period ended 30 June 2023. The increase was largely from realised capital gains from listed securities investment.

Employee benefits expense

Employee benefits expense increased by approximately S\$0.56 million or 19.3% from approximately S\$2.90 million for the period ended 30 June 2022 to approximately S\$3.46 million for the period ended 30 June 2023. The increase in employee benefits expense was in tandem with the growth in revenue, and it reflects the Group's decision to expand its workforce to support business growth and new business unit in Mainland China.

Depreciation of property, plant and equipment

Depreciation of property, plant and equipment decreased by approximately S\$0.52 million or 70.9% from approximately S\$0.73 million for the period ended 30 June 2022 to approximately S\$0.21 million for the period ended 30 June 2023. The decrease was mainly due to more assets being full depreciated at the beginning of the year.

Other expenses

Other expenses increased by approximately S\$0.69 million or 71.3% from approximately S\$0.97 million for the period ended 30 June 2022 to approximately S\$1.66 million for the period ended 30 June 2023. The increase was as a result of higher professional fee incurred by the Company and additional operating expenses incurred by the new subsidiary of the Group in Mainland China.

Loss for the period

For the six months ended 30 June 2023, the Group recorded a profit of approximately S\$1.12 million as compared to a loss of approximately S\$0.27 million for the corresponding period in 2022. The substantial increase in profit was primarily attributed to the overall increase in our group revenue as well as gain from investment.

Liquidity, financial and capital resources

Cash position

Our cash and bank balances amounted to approximately S\$3.42 million and S\$2.99 million as at 30 June 2023 and 31 December 2022, respectively. The functional currency of our Group is SGD. As at 30 June 2023, 87% of our Group's cash and bank balances was denominated in the functional currency (31 December 2022: 98%) and the remaining 13% (31 December 2022: 2%) in other currencies, mainly Renminbi and Hong Kong dollar.

Our Group's primary sources of funds during the period was cash from operating activities. Our Group had net cash generated from operating activities of approximately S\$0.8 million. We had net cash used in investing activities of approximately S\$0.03 million and net cash used in financing activities of approximately S\$0.4 million.

Gearing ratio

Gearing ratio is measured by interest-bearing bank and other borrowings divided by the total equity. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratio is 0.2 times as at 30 June 2023 (31 December 2022: 0.3 times).

Risk of exchange rate fluctuation

The Group has currency exposures arising from sales, purchases and interest-bearing bank and other borrowings that are denominated in a currency other than the functional currency of the Group. No hedge has been taken up to mitigate this exposure.

Contingent liabilities

As at 30 June 2023, the Group had no material contingent liabilities (31 December 2022: nil).

Charge on assets

As at 30 June 2023, the Group had no charge on assets (31 December 2022: nil).

OTHER INFORMATION

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

As at 30 June 2023, the interests and short positions of the Directors and chief executives of the Company or any of their respective associates in the shares (the "Shares"), underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules were as follows:

Long Position in the Shares

Name of Directors and Chief Executives	Capacity/Nature of Interest	Number of Shares or underlying Shares	Approximate percentage of interest in the Company ⁽¹⁾
Mr. WANG Lei	Beneficial interest	290,870,000	14.54%
Mdm. LI Lidan ⁽³⁾	Interest of spouse	290,870,000	14.54%
Mr. CHEN Huichun	Beneficial interest	700,000	0.04%
Mdm. WANG Chongyu ⁽²⁾	Interest of spouse	700,000	0.04%

Notes:

- (1) This is based on the total number of Shares in issue as at 30 June 2023, being 2,000,000,000.
- (2) Mdm. WANG Chongyu ("Mrs. CHEN") is the spouse of Mr. CHEN Huichun. Under the SFO, Mrs. Chen is deemed to be interested in the same number of Shares in which Mr. CHEN Huichun is interested.
- (3) Mdm. LI Lidan ("Mrs. WANG") is the spouse of Mr. WANG Lei, executive director of the Company. Under the SFO, Mrs. WANG is deemed to be interested in the same number of shares in which Mr. Wang is interested.

Save as disclosed above, none of the Directors, chief executives of the Company or their respective associates had any interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise, notified to the Company and the Stock Exchange pursuant to Rules 5.46 to 5.67 of the GEM Listing Rules.

Directors' rights to acquire Shares or debentures

Save as disclosed in the section headed "Directors' and chief executives' interests and short positions in Shares, underlying Shares and debentures" above, at no time during the six months ended 30 June 2023 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors or their respective close associates (as defined under the GEM Listing Rules) to acquire benefits by means of the acquisition of Shares in or debentures of the Company or any of its associated corporations.

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

As at 30 June 2023, the interests and short positions of substantial shareholders and other persons (not being a Director or chief executive of the Company) in the Shares and underlying Shares which were notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO or required to be entered in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long Positions in the Shares

Name	Nature of Interest	Number of Shares	Approximate percentage of shareholding in the Company as at 30 June 2023 ⁽¹⁾
Mr. LI Jie	Beneficial owner	586,020,000	29.3%
Mdm. HAN Mei ⁽²⁾	Interest of spouse	586,020,000	29.3%
Mdm. LI Lidan ⁽³⁾	Interest of spouse	120,810,000	14.54%

Notes:

- (1) This is based on the total number of Shares in issue as at 30 June 2023, being 2,000,000,000.
- (2) Mdm. HAN Mei ("Mrs. Li") is the spouse of Mr. LI Jie. Under the SFO, Mrs. Li is deemed to be interested in the same number of Shares in which Mr. LI Jie is interested.
- (3) Mdm. LI Lidan ("Mrs. WANG") is the spouse of Mr. WANG Lei, executive director of the Company. Under the SFO, Mrs. WANG is deemed to be interested in the same number of shares in which Mr. Wang is interested.

Save as disclosed above, as at 30 June 2023, according to the register of interests required to be kept by the Company under Section 336 of the SFO, there was no other person or corporation (other than the Directors and chief executives of the Company) who had any interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

Related party transactions

During the six months ended 30 June 2023, the Group has not entered into any related party transactions.

Directors' interest in competing business

The Directors are not aware of any business or interest of the Directors nor the controlling shareholders nor any of their respective close associates that competes or may compete, directly or indirectly, with the Group's business and any other conflicts of interest which any such person has or may have with the Group during the six months ended 30 June 2023.

Pledge of asset

As at 30 June 2023, the Group did not have any pledged assets (30 June 2022: Nil).

Exchange rate exposure

The Group has currency exposures arising from sales, purchases and interest-bearing bank and other borrowings that are denominated in a currency other than the functional currency of the Group. As at the date of this report, the Group did not use any financial instrument for hedging to mitigate this exposure.

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

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2023.

Share option scheme

The Company conditionally adopted a share option scheme on 21 October 2016 (the "Scheme"). The terms of the Scheme are in accordance with the provisions of Chapter 23 of the GEM Listing Rules. No share option has been lapsed, or have been granted, exercised or cancelled under the Scheme during the six months ended 30 June 2023 and up to the date of this report.

Directors' securities transactions

The Company has adopted the code of conduct for securities transactions by Directors on terms equivalent to the Rules 5.48 to 5.67 of the GEM Listing Rules (the "Required Standard of Dealings"). The Company had made specific enquiries with written guidelines in relation to the Required Standard of Dealings to all Directors and all Directors have confirmed that they complied with the required standards set out in the Required Standard of Dealings during the six months ended 30 June 2023.

Compliance with Corporate Governance Code

The Company is committed to achieving high standards of corporate governance. The Directors believe that sound and reasonable corporate governance practices are essential for the continuing growth of the Group and for safeguarding and maximising shareholders' interests.

Pursuant to code provision C.2.1 of the Corporate Governance Code contained in Appendix 15 of the GEM Listing Rules (the "CG Code"), the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. However, we do not have a separate chairman and chief executive officer and Mr. WANG Lei is currently a Co-Chairman and the Chief Executive Officer of the Group. The Board believes that vesting the roles of both co-chairman and chief executive officer in the same person has the benefit of ensuring the consistent leadership within the Group and enables more effective and efficient overall strategic planning of the Group. The Board considers that the balance of power and authority for the present arrangement will not be impaired and this structure will enable the Company to make and implement decisions promptly and effectively. The Board will continue to review and consider splitting the roles of chairman of the Board and chief executive officer of the Company at a time when it is appropriate and suitable by taking into account the circumstances of the Group as a whole.

Save as disclosed above, the Directors consider that during the six months ended 30 June 2023, and thereafter to the date of this report, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

Audit committee

The Group's interim results for the three months and six months ended 30 June 2023 were unaudited. The Company's audit committee (the "Audit Committee") has reviewed the unaudited condensed consolidated financial results of the Group for the six months ended 30 June 2023 pursuant to the relevant provisions contained in the CG Code. A meeting of the Audit Committee was held with the management of the Company for, amongst other things, reviewing the unaudited condensed consolidated financial results of the Group for the three months and six months ended 30 June 2023.

Significant investment, material acquisition and disposal

The Group did not have any significant investment, material acquisition or disposal of subsidiaries or associates during the six months ended 30 June 2023.

Events after the reporting period

There was no significant events relevant to the business or financial performance of the Group that have occurred after the end of the reporting period and up to this report.

Dividends

The Board did not recommend the payment of any dividend for the six months ended 30 June 2023 (2022: Nil).

Appreciation

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

By Order of the Board

WANG Lei

*Co-Chairman, Chief Executive Officer and
Executive Director*

Hong Kong, 14 August 2023

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