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

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

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

CHARACTERISTICS OF GEM OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate small and mid-sized companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration.

Given that the companies listed on GEM are generally small and mid-sized companies, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

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

ANNUAL RESULTS

The board (the "**Board**") of Directors is pleased to announce the audited consolidated results of the Company and its subsidiaries (collectively, the "**Group**") for the financial year ended 31 December 2023, together with comparative figures for the financial year ended 31 December 2022 as follows:

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December

	Notes	**2023** ***SGD'000***	2022 *SGD'000* (restated)
Continuing operations			
Revenue	*5*	**105,066**	81,296
Other income and gains	*6*	**551**	691
Change in trading inventories		**(86,073)**	(64,031)
Cost of materials used		**(6,242)**	(5,557)
Marketing and advertising expenses		**(443)**	(473)
Employee benefit expenses		**(6,329)**	(6,118)
Depreciation of property, plant and equipment	*7*	**(1,709)**	(1,162)
Depreciation of right-of-use assets	*7*	**(1,845)**	(2,401)
Impairment of interest in an associate	*7*	**(918)**	–
Impairment losses under expected credit loss model on trade receivables, net of reversal	*7*	**(32)**	250
Impairment losses under expected credit loss model on other receivables, net of reversal	*7*	**10**	(516)
Finance costs	*8*	**(366)**	(433)
Short-term lease expenses	*7*	**(49)**	(19)
Other expenses	*7*	**(2,945)**	(2,835)
Share of results of an associate		**130**	153
Loss before income tax expense	*7*	**(1,194)**	(1,155)
Income tax (expense)/credit	*9*	**(79)**	65
Loss for the year from continuing operations		**(1,273)**	(1,090)
Discontinued operation			
Loss for the year from discontinued operation		**(220)**	(751)
Loss for the year		**(1,493)**	(1,841)

	Notes	2023 SGD'000	2022 SGD'000 (restated)
Other comprehensive expense, net of tax			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating foreign operations		**69**	(117)
Share of other comprehensive expense of an associate		**(674)**	(314)
Reclassification of cumulative translation reserve upon disposal of a subsidiary to profit or loss		**31**	–
Other comprehensive expense for the year, net of tax		**(574)**	(431)
Loss and total comprehensive expense for the year		**(2,067)**	(2,272)
(Loss)/profit for the year attributable to owners of the Company:			
– from continuing operations		**(1,273)**	(1,090)
– from discontinued operations		**13**	(398)
		(1,260)	(1,488)
Loss for the year attributable to non-controlling interests:			
– from discontinued operations		**(233)**	(353)
		(1,493)	(1,841)
Total comprehensive (expense)/income for the year attributable to owners of the Company:			
– from continuing operations		**(1,841)**	(1,444)
– from discontinued operations		**10**	(439)
		(1,831)	(1,883)
Total comprehensive expense for the year attributable to non-controlling interests:			
– from discontinued operations		**(236)**	(389)
		(2,067)	(2,272)
Loss per share attributable to owners of the Company			
From continuing and discontinued operations			
Basic and diluted *(SGD cents)*	*12*	**(0.15)**	(0.18)
From continuing operations			
Basic and diluted *(SGD cents)*	*12*	**(0.15)**	(0.13)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December

	Notes	2023 SGD'000	2022 SGD'000
ASSETS AND LIABILITIES			
Non-current assets			
Property, plant and equipment		**6,065**	5,747
Right-of-use assets		**6,173**	7,248
Intangible assets		**–**	300
Interests in a joint venture		**–**	–
Interests in an associate		**–**	1,611
Deposits	*14*	**71**	217
Prepayment for purchase of fixed assets	*14*	**–**	75
Total non-current assets		**12,309**	15,198
Current assets			
Inventories	*13*	**1,750**	2,108
Trade and other receivables	*14*	**3,877**	3,534
Cash and cash equivalents		**4,874**	4,768
Total current assets		**10,501**	10,410
Current liabilities			
Trade and other payables	*15*	**7,061**	5,877
Lease liabilities		**1,444**	1,830
Bank and other borrowings		**1,493**	1,454
Current tax liabilities		**214**	175
Total current liabilities		**10,212**	9,336
Net current assets		**289**	1,074
Total assets less current liabilities		**12,598**	16,272
Non-current liabilities			
Lease liabilities		**2,896**	2,377
Bank and other borrowings		**2,522**	4,015
Other payables	*15*	**998**	1,490
Deferred tax liabilities		**–**	39
Total non-current liabilities		**6,416**	7,921
Net assets		**6,182**	8,351

	Notes	**2023** ***SGD'000***	2022 *SGD'000*
EQUITY			
Share capital	*16*	**1,497**	1,497
Reserves		**4,685**	6,516
Equity attributable to owners of the Company		**6,182**	8,013
Non-controlling interests		**–**	338
Total equity		**6,182**	8,351

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 600 Sin Ming Avenue #03-00 Singapore 575733. 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 supply of passenger car spare parts, accessories and automotive equipment in Singapore and trading of motor vehicles in the People's Republic of China (the "**PRC**"). As at 31 December 2023, 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 28 March 2024.

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 directors of the Company have, at the time of approving the consolidated financial statements, a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the consolidated financial statements.

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 the consolidated financial statements.

3. APPLICATION OF NEW AND AMENDMENTS TO HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

(a) New and amendments to HKFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new and amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") for the first time, which are mandatorily effective for the Group's annual period beginning on 1 January 2023 for the preparation of the consolidated financial statements:

HKFRS 17 (including the October 2020 and February 2022 Amendments to HKFRS 17)	Insurance Contracts
Amendments to HKAS 8	Definition of Accounting Estimates
Amendments to HKAS 12	Deferred Tax related to Assets and Liabilities arising from a Single Transaction
Amendments to HKAS 12	International Tax Reform-Pillar Two model Rules
Amendments to HKAS 1 and HKFRS Practice Statement 2	Disclosure of Accounting Policies

Except as described below, the application of the new and amendments to HKFRSs in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

Impacts and changes in accounting policies on application of Amendments to HKAS 12 Deferred Tax related to Assets and Liabilities arising from a Single Transaction

Transition and summary of effects

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit and at the time of the transaction does not give rise to equal taxable and deductible temporary differences. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies HKAS 12 requirements to the lease liabilities and the related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

As disclosed in the Group's annual financial statements for the year ended 31 December 2022, the Group previously applied the HKAS 12 requirements to assets and liabilities arising from a single transaction as a whole and temporary differences relating to the relevant assets and liabilities were assessed on a net basis and considered no material effect to the Group. Upon the application of the amendments, the Group assessed the relevant assets and liabilities separately. In accordance with the transition provision: (i) the Group has applied the new accounting policy retrospectively to leasing transactions that occurred on or after 1 January 2022; (ii) the Group also, as at 1 January 2022, recognised a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised) and a deferred tax liability for all deductible and taxable temporary difference associated with right-of-use-assets and lease liabilities. The application of the amendments has had no material impact on the Group's financial position and performance, except that the Group recognised the related deferred tax assets and deferred tax liabilities with same amount of approximately SGD 340,000 as at 1 January 2022 on a gross basis but it has no impact on the accumulated losses at the earliest period presented.

(b) Amendments to HKFRSs in issue but not yet effective

The Group has not early applied the following new and amendments to HKFRSs that have been issued but are not yet effective:

Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1]
Amendments to HKFRS 16	Lease Liability in a Sale and Leaseback[2]
Amendments to HKAS 1	Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020)[2]
Amendments to HKAS 1	Non-current Liabilities with Covenants[2]
Amendments to HKAS 7 and HKFRS 7	Supplier Finance Arrangements[2]
Amendments to HKAS 21	Lack of Exchangeability[3]

[1] Effective for annual periods beginning on or after a date to be determined.
[2] Effective for annual periods beginning on or after 1 January 2024.
[3] Effective for annual periods beginning on or after 1 January 2025.

4. 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.

During the year ended 31 December 2023, the Group identified its education business service as discontinued operations upon disposal of Hunan Maliang Digital Technology Co., Ltd. 湖南馬良數碼科技股份有限公司 (the "**Maliang**") on 26 December 2023, which is further disclosed in note 10.

The Group has four reportable segments including one discontinued segment. 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:

Continuing operations:

– 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

Discontinued operations:

– Education business – sale of hardware and equipment, data collection and provision of management platform service relating to education business

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.

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 2023

	Continuing operations				Discontinued operations		
	After-market automotive services *SGD'000*	Car rental services *SGD'000*	Automotive supply business *SGD'000*	Subtotal *SGD'000*	Education business service *SGD'000*	Adjustments and eliminations *SGD'000*	Total *SGD'000*
Segment revenue							
Revenue from external customers	13,618	4,069	87,379	105,066	195	–	105,261
Inter-segment sales	146	–	–	146	–	(146)	–
	13,764	4,069	87,379	105,212	195	(146)	105,261
Segment profit/(loss)	3,240	1,067	1,127	5,434	(519)	–	4,915
Other income and gains							283
Share of results of an associate	130	–	–	130	–	–	130
Unallocated staff costs							(2,338)
Unallocated corporate expenses							(4,498)
Unallocated finance costs							(205)
Gain on disposal of a subsidiary							276
Loss before income tax expense							(1,437)
Other segment information							
Unallocated depreciation							(1,056)
Unallocated income tax							(56)

For the year ended 31 December 2022 (restated)

	Continuing operations				Discontinued operations		
	After-market automotive services *SGD'000*	Car rental services *SGD'000*	Automotive supply business *SGD'000*	Subtotal *SGD'000*	Education business service *SGD'000*	Adjustments and eliminations *SGD'000*	Total *SGD'000*
Segment revenue							
Revenue from external customers	13,023	3,531	64,742	81,296	279	–	81,575
Inter-segment sales	154	–	–	154	–	(154)	–
	13,177	3,531	64,742	81,450	279	(154)	81,575
Segment profit/(loss)	4,945	153	556	5,654	(546)	–	5,108
Other income and gains							41
Share of results of an associate	153	–	–	153	–	–	153
Unallocated staff costs							(3,305)
Unallocated corporate expenses							(3,662)
Unallocated finance costs							(264)
Loss before income tax expense							(1,929)
Other segment information							
Unallocated depreciation							(1,383)
Unallocated income tax							88

As at 31 December 2023

	Continuing operations				**Discontinued operations**	
	After-market automotive services ***SGD'000***	**Car rental services** ***SGD'000***	**Automotive supply business** ***SGD'000***	**Subtotal** ***SGD'000***	**Education business service** ***SGD'000***	**Total** ***SGD'000***
Segment assets	**4,971**	**9,380**	**558**	**14,909**	**–**	**14,909**
	4,971	**9,380**	**558**	**14,909**	**–**	**14,909**
Unallocated property, plant and equipment						**41**
Unallocated right-of-use assets						**1,651**
Unallocated cash and cash equivalents						**4,874**
Unallocated corporate assets						**1,335**
Total assets						**22,810**

	Continuing operations				Discontinued operations	
	After-market automotive services	**Car rental services**	**Automotive supply business**	**Subtotal**	**Education business service**	**Total**
	SGD'000	***SGD'000***	***SGD'000***	***SGD'000***	***SGD'000***	***SGD'000***
Segment liabilities	**1,151**	**4,159**	**609**	**5,919**	**–**	**5,919**
Current tax liabilities						**214**
Unallocated bank borrowings						**2,833**
Unallocated lease liabilities						**1,741**
Unallocated corporate liabilities						**5,921**
Total liabilities						**16,628**

As at 31 December 2022

	Continuing operations				Discontinued operations	
	After-market automotive services	Car rental services	Automotive supply business	Subtotal	Education business service	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Segment assets	3,801	11,053	397	15,251	802	16,053
Interest in an associate	1,611	–	–	1,611	–	1,611
	5,412	11,053	397	16,862	802	17,664
Unallocated property, plant and equipment						17
Unallocated right-of-use assets						1,168
Unallocated cash and cash equivalents						4,768
Unallocated corporate assets						1,991
Total assets						25,608

	Continuing operations				Discontinued operations	
	After-market automotive services	Car rental services	Automotive supply business	Subtotal	Education business service	Total
	SGD'000	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*	*SGD'000*
Segment liabilities	1,059	6,396	838	8,293	185	8,478
Current tax liabilities						175
Deferred tax liabilities						39
Unallocated bank borrowings						2,470
Unallocated lease liabilities						1,234
Unallocated corporate liabilities						4,861
Total liabilities						17,257

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

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

For the year ended 31 December 2023

	Continuing operations				**Discontinued operations**	
	After-market automotive services	**Car rental services**	**Automotive supply business**	**Subtotal**	**Education business service**	**Total**
	SGD'000	***SGD'000***	***SGD'000***	***SGD'000***	***SGD'000***	***SGD'000***
Other segment information						
Additions to non-current assets	**864**	**1,184**	**–**	**2,048**	**–**	**2,048**
Depreciation of property, plant and equipment	**(460)**	**(1,228)**	**–**	**(1,688)**	**(8)**	**(1,696)**
Depreciation of right-of-use assets	**(20)**	**(769)**	**(21)**	**(810)**	**(3)**	**(813)**
Amortisation of intangible assets	**–**	**–**	**–**	**–**	**(91)**	**(91)**
Impairment losses under expected credit loss model on trade receivables, net of reversal	**(27)**	**(5)**	**–**	**(32)**	**(15)**	**(47)**
Impairment losses under expected credit loss model on other receivables, net of reversal	**–**	**–**	**10**	**10**	**–**	**10**
Staff costs	**(3,378)**	**(455)**	**(158)**	**(3,991)**	**(149)**	**(4,140)**
Finance costs	**–**	**(161)**	**–**	**(161)**	**–**	**(161)**
Research expenses	**–**	**–**	**–**	**–**	**(173)**	**(173)**

For the year ended 31 December 2022 (restated)

	Continuing operations				Discontinued operations	
	After-market automotive services *SGD'000*	Car rental services *SGD'000*	Automotive supply business *SGD'000*	Subtotal *SGD'000*	Education business service *SGD'000*	Total *SGD'000*
Other segment information						
Additions to non-current assets	173	2,144	–	2,317	–	2,317
Depreciation of property, plant and equipment	(228)	(911)	(1)	(1,140)	(53)	(1,193)
Depreciation of right-of-use assets	(45)	(1,020)	(11)	(1,076)	–	(1,076)
Amortisation of intangible assets	–	–	–	–	(94)	(94)
Impairment losses under expected credit loss model on trade receivables, net of reversal	251	(1)	–	250	–	250
Impairment losses under expected credit loss model on other receivables, net of reversal	–	–	(516)	(516)	34	(482)
Write-down of inventories	–	–	–	–	(2)	(2)
Staff costs	(2,204)	(496)	(143)	(2,843)	(173)	(3,016)
Finance costs	–	(169)	–	(169)	–	(169)
Research expenses	–	–	–	–	(399)	(399)

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***	
	2023 ***SGD'000***	2022 *SGD'000* (restated)	**2023** ***SGD'000***	2022 *SGD'000* (restated)
Geographic information				
Continued operations				
Singapore (place of domicile)	**19,493**	17,409	**12,194**	13,032
The PRC	**85,249**	63,741	**44**	1
Other Asian countries	**324**	146	**–**	1,611
	105,066	81,296	**12,238**	14,644
Discontinued operations				
The PRC	**195**	279	**–**	337
Total	**105,261**	81,575	**12,238**	14,981

* Specified non-current asset excluded any financial assets

5. REVENUE

An analysis of revenue from the Group's continuing operations is as follows:

	2023	2022
	SGD'000	*SGD'000*
		(restated)
Revenue from contracts with customers within the scope of HKFRS 15		
Service income	**13,004**	12,199
Warranty income	**614**	824
Automotive supply income	**87,379**	64,742
Revenue from other sources		
Car rental income	**4,069**	3,531
	105,066	81,296

	2023	2022
	SGD'000	*SGD'000*
		(restated)
Disaggregation by timing of revenue recognition		
Over time	**13,618**	13,023
Point in time	**87,379**	64,742
	100,997	77,765

(a) Contract assets

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

	2023	2022
	SGD'000	*SGD'000*
Contract assets *(Note 14)*	**557**	536

(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 2023 and 2022 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:

	2023	2022
	SGD'000	*SGD'000*
Within one year	**557**	536

(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 2023, no provision was made as the ECLs on contract assets were immaterial (2022: nil).

(b) Contract liabilities

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

	2023	2022
	SGD'000	*SGD'000*
Contract liabilities *(Note 15)*	**1,973**	1,795

(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 2023 and 2022 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 2023 and 2022 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

	2023 *SGD'000*	2022 *SGD'000*
Balance as at 1 January	**1,795**	1,626
Increase in contract liabilities as a result of advance payments made by customers	**2,004**	1,800
Amounts included in contract liabilities that was recognised as revenue during the year	**(1,773)**	(1,625)
Exchange realignment	**(53)**	(6)
Balance as at 31 December	**1,973**	1,795

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

During the years ended 31 December 2023 and 2022, there were no significant incremental costs to obtain a contract.

6. OTHER INCOME AND GAINS

An analysis of other income and gains from continuing operations is as follows:

	2023 *SGD'000*	2022 *SGD'000* (restated)
Government grants *(Note)*	**179**	286
Gain on disposal of property, plant and equipment	**278**	151
Exchange gains	**–**	1
Interest income	**12**	5
Sponsorship	**–**	186
Others	**82**	62
	551	691

Note:

There were no unfulfilled conditions and other contingencies attaching to government grants for income recognised during the years ended 31 December 2023 and 2022.

7. LOSS BEFORE INCOME TAX EXPENSE

Loss before income tax expense from continuing operations is arrived at after charging/(crediting):

	2023	2022
	SGD'000	*SGD'000*
		(restated)
Auditor's remuneration	**152**	169
Depreciation of property, plant and equipment		
– Direct depreciation expenses	**1,429**	1,009
– Indirect depreciation expenses	**280**	153
– Total	**1,709**	1,162
Depreciation of right-of-use assets		
– Direct depreciation expenses	**789**	1,065
– Indirect depreciation expenses	**1,056**	1,336
– Total	**1,845**	2,401
Employee benefit expenses (including directors' emoluments)		
– Salaries, allowances and other benefits	**5,851**	5,643
– Contributions to defined contribution retirement plan	**478**	475
– Total	**6,329**	6,118
– Direct employee benefit expenses	**357**	2,067
– Indirect employee benefit expenses	**5,972**	4,051
– Total	**6,329**	6,118
Write-down of inventories	**–**	2
Impairment of interest in an associate	**918**	–
Impairment losses under expected credit loss model on trade receivables	**32**	(250)
Impairment losses under expected credit loss model on other receivables	**(10)**	518
Gain on disposal of property, plant and equipment	**(278)**	(151)
Effect of lease termination	**–**	(1)
Short-term lease expenses	**49**	19
Other expenses		
– Maintenance costs	**850**	1,066
– Professional and legal fees	**552**	775
– Other operating expenses	**1,543**	994
Total	**2,945**	2,835

8. FINANCE COSTS

An analysis of the Group's interest expenses from continuing operations is as follows:

	2023	2022
	SGD'000	*SGD'000*
Interest element of lease liabilities	**179**	194
Interest on bank borrowings	**131**	154
Interest on other payables with related parties	**56**	85
	366	433

9. INCOME TAX EXPENSE/(CREDIT)

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

	2023	2022
	SGD'000	*SGD'000*
The PRC		
Current tax		
– Current year	**116**	53
Singapore		
Current tax		
– Current year	**28**	80
– Over-provision in respect of prior years	**(65)**	(198)
Income tax expense/(credit)	**79**	(65)

Singapore profits tax is calculated at 17% on the estimated assessable profits arising in Singapore for the year ended 31 December 2023 (2022: 17%).

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% for both years.

Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

10. DISCONTINUED OPERATION

On 26 December 2023, the Group, had entered into an agreement with an independent third party to dispose 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 "**Maliang**") at the total consideration of RMB3,974,000 (equivalent to approximately SGD679,000) and therefore the carrying amount related to the net assets of the Maliang was deconsolidated from the consolidated financial statements of the Group as at completion date.

The disposal was effected in order to generate immediate cash flows for the reallocation of the financial resources on any suitable investment opportunities and the repayment of bank and other borrowings.

The results of the discontinued operation, which have been included in the loss for the year, were as follows. The comparative figures in the consolidated statement of profit or loss and other comprehensive income and related notes have been restated to re-present the Maliang operation as a discontinued operation at the beginning of the year.

The loss for the period/year from the discontinued operation is analysed as follows:

	2023 ***SGD'000***	2022 *SGD'000*
Loss from education business services	**(496)**	(751)
Gain on disposal of education business services	**276**	–
	(220)	(751)

Analysis of the results of the discontinued operations are set out below:

	Period from 1 January 2023 to 26 December 2023 ***SGD'000***	Period from 1 January 2022 to 31 December 2022 *SGD'000*
Revenue	**195**	279
Other income and gains	**11**	36
Change in trading inventories	**(199)**	(142)
Marketing and advertising expenses	**(7)**	(1)
Employee benefit expenses	**(149)**	(201)
Depreciation of property, plant and equipment	**(8)**	(53)
Depreciation of right-of-use assets	**(3)**	–
Amortisation of intangible assets	**(91)**	(94)
Impairment losses under expected credit loss model on trade receivables, net of reversal	**(15)**	–
Impairment losses under expected credit loss model on other receivables, net of reversal	**–**	34
Short-term lease expenses	**(32)**	(42)
Other expenses	**(221)**	(590)
Loss before income tax expense	**(519)**	(774)
Income tax credit	**23**	23
Loss for the year from discontinued operation	**(496)**	(751)

11. DIVIDENDS

No dividends have been paid or declared by the Company or any of the subsidiaries during the year ended 31 December 2023 (2022: Nil).

12. LOSS PER SHARE

The calculation of the basic and diluted loss per share from continuing operations attributable to owners of the Company is based on the following data:

Loss figures are calculated as follows:

	2023	2022
	SGD'000	*SGD'000*
		(restated)
Loss for the year attributable to owners of the Company	**(1,260)**	(1,488)
Less: Profit/loss for the year from discontinued operations	**(13)**	398
Loss for the purpose of basic loss per share from continuing operations *(SGD'000)*	**(1,273)**	(1,090)
Weighted average number of ordinary shares in issue *(Note)*	**850,000,000**	850,000,000
Loss per share attributable to owners of the Company		
From continuing and discontinued operations		
Basic and diluted *(SGD cents)*	**(0.15)**	(0.18)
From continuing operations		
Basic and diluted *(SGD cents)*	**(0.15)**	(0.13)

From discontinued operations

Basic and diluted earnings per share for the discontinued operations is SGD0.01 cents per share (2022: loss per share for discontinued operations is SGD0.05 cents per share), based on the profit for the period from the discontinued operations of approximately SGD13,000 (2022: loss for the year from discontinued operations approximately SGD398,000) and the denominators detailed above for both basic and diluted loss per share.

Note:

For the year ended 31 December 2023, the calculation of basic loss 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 (2022: 850,000,000) ordinary shares in issue.

Diluted loss per share were the same as basic loss per share as there was no dilutive potential ordinary share in existence during the years ended 31 December 2023 and 2022.

13. INVENTORIES

	2023	2022
	SGD'000	*SGD'000*
Parts and accessories	**1,719**	2,108
Automotive	**31**	–
	1,750	2,108

The change in trading inventories and cost of materials used from continuing operations amounted to SGD86,073,000 and SGD6,242,000 during the year ended 31 December 2023 respectively (2022: SGD64,031,000 and SGD5,557,000).

14. TRADE AND OTHER RECEIVABLES

	2023	2022
	SGD'000	*SGD'000*
Trade receivables	**3,030**	2,036
Less: impairment loss	**(548)**	(516)
Trade receivables, net *(Note (a))*	**2,482**	1,520
Contract assets *(Note 5(a))*	**557**	536
Deposits, prepayment and other receivables	**909**	1,770
	3,948	3,826
Categorised as:		
Current portion	**3,877**	3,534
Non-current portion	**71**	292
	3,948	3,826

Notes:

(a) As at 31 December 2023, included in trade receivables represented lease receivables arising from car rental business amounted to SGD 121,000 (2022: SGD65,000).

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.

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

	2023	2022
	SGD'000	*SGD'000*
Within 30 days	**963**	544
31 – 60 days	**521**	355
61 – 90 days	**289**	143
91 – 180 days	**414**	187
181 – 365 days	**113**	157
Over 365 days	**182**	134
	2,482	1,520

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

	2023	2022
	SGD'000	*SGD'000*
Not yet past due	**647**	181
Less than 60 days	**916**	750
61 – 90 days	**343**	139
91 – 180 days	**282**	257
181 – 365 days	**115**	59
Over 365 days	**179**	134
	1,835	1,339
	2,482	1,520

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.

15. TRADE AND OTHER PAYABLES

	2023	2022
	SGD'000	*SGD'000*
Trade payables *(Note (a))*	**1,117**	1,025
Other payables, accruals and deposits received *(Note (b))*	**4,969**	4,547
Contract liabilities *(Note 5(b))*	**1,973**	1,795
	8,059	7,367
Categorised as:		
Current portion	**7,061**	5,877
Non-current portion	**998**	1,490
	8,059	7,367

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:

	2023	2022
	SGD'000	*SGD'000*
Within 30 days	**496**	510
31 – 60 days	**394**	450
61 – 90 days	**112**	47
Over 90 days	**115**	18
	1,117	1,025

(b) As at 31 December 2023, other payables including amount due to related companies represented loans with principal RMB1,325,000 (2022: RMB5,220,000), equivalent to approximately SGD253,000 (2022: SGD1,076,000), which were unsecured, interest bearing to 2% per annum (2022: 3-5% per annum) and repayable within one year.

As at 31 December 2023, other payables including amount due to related companies represented loans with principal RMB5,220,000, equivalent to approximately SGD998,000 which were unsecured, interest bearing to 1% per annum and repayable in two years.

As at 31 December 2023, other payables included amounts due to related parties represented loans with principal amounts of USD390,000 and HKD6,510,000 (2022: USD390,000 and HKD5,010,000), equivalent to approximately SGD1,445,000 (2022: SGD1,492,000), which were unsecured, interest-bearing at 2% per annum (2022: 2-5% per annum) and repayable within one year.

The interest payable arising from loans amounted to approximately SGD54,000 (2022: SGD85,000) as at 31 December 2023 and 2022. Ms. Nie Li (director of the Company) and Mr. Hu Wu'an (chairman and executive director of the Company) were directors of the related parties, while Ms. Nie Li was a shareholder and Mr. Hu Wu'an was a controlling shareholder of the related companies.

16. SHARE CAPITAL

	Number	Amount *HK$'000*	Amount *SGD'000*
Authorised:			
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	16,000,000,000	160,000	28,191
Issued and fully paid:			
As at 1 January 2022, 31 December 2022, 1 January 2023 and 31 December 2023	850,000,000	8,500	1,497

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 (i) the provision of a comprehensive range of after-market automotive services, with a focus on inspection, maintenance and repair services; (ii) offering short-term and long-term car rental services; (iii) supplying passenger car spare parts, accessories and automotive equipment to customers in Singapore and overseas countries and automobiles to customers in China; and (iv) sale of hardware and equipment, data collection and provision of management platform service relating to education business. The Group operates two service centres and one paint workshop in Singapore. Our service centres are equipped with cutting-edge diagnostic equipment and facilities for the provision of comprehensive after-market automotive services except for spray painting services which shall be handled by our paint workshop.

The Group's parallel imported vehicles and related businesses in Mainland China, by its wholly-owned subsidiary Hunan Optima Automobile Co., Ltd.*（湖南傲迪瑪汽車有限公司）, mainly operates in central and southern China, with Hu Wu'an, the executive Director, as its 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, as well as safe, fast, price-competitive and flexible vehicle supporting financial insurance.

The Group's automotive supply income increased by approximately SGD22.7 million for the year ended 31 December 2023 ("**YE2023**") to approximately SGD87.4 million as compared to approximately SGD64.7 million for the year ended 31 December 2022 ("**YE2022**"). The increase was mainly due to the increase in sales of automobiles to customers in Mainland China for YE2023 as compared to YE2022 by approximately SGD21.5 million. The Group's after-market automotive services revenue and the car rental business revenue has increased by approximately SGD0.6 million and approximately SGD0.5 million respectively as compared to YE2022 due to the gradual recovery of the Singapore market in general.

The Group has discontinued the education business services due to lower sales and poor performance of hardware and equipment for the education business. The Group's education business services revenue decreased by approximately SGD84,000 to approximately SGD195,000 for YE2023 compared to approximately SGD279,000 for YE2022.

OUTLOOK

The Group remains cautious of the changing market conditions and unstable economic environment and is aware of the challenges that lie ahead in 2024. 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. The Group shall also seek any feasible equity investments or business segment expansions, such as biological health, green environmental protection water energy technology, new retail, e-commerce, franchise management, insurance brokerage, prepared vegetables processing etc. which are suitable for the Group's market diversification efforts into the PRC.

In 2021, the Singapore government announced the Singapore Green Plan 2030 under which there are various initiatives related to the transportation and automotive industries. This includes the promotion of switching to cleaner-energy vehicles, especially Electric Vehicles ("**EVs**") as this is regarded as one of 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 – CONTINUING OPERATIONS

Revenue

Revenue for the Group was SGD105.1 million for YE2023, as compared to SGD81.3 million for YE2022, an increase of approximately SGD23.8 million. The increase was mainly attributable to the increase in sales of passenger car spare parts, accessories and automobiles of approximately SGD22.7 million during YE2023 as compared to YE2022. The increase was mainly contributed by Hunan Optima Automobile Co., Ltd. ("**Hunan Optima**"), a wholly-owned subsidiary of the Company.

Other income and gains

Other income and gains for the Group was remained relatively stable at approximately SGD0.6 million in YE2023 as compared with SGD0.7 million in YE2022.

Cost of materials used and change in trading inventories

In YE2023, the cost of materials used and change in trading inventories increased by approximately SGD22.7 million as compared to YE2022. This is due to the increase in related sales of passenger car spare parts, accessories and automobiles, and after-market automotive service.

Employee benefits expenses

The employee benefit expenses increased by approximately SGD0.2 million from approximately SGD6.1 million in YE2022 to approximately SGD6.3 million in YE2023. This was mainly due to a slight increase in staff cost in YE2023.

Depreciation of property, plant and equipment

The increase in the depreciation of property, plant and equipment by approximately SGD0.5 million is mainly due to motor vehicles that are transferred from right of use assets to property, plant and equipment upon the full payment for the Group's rental fleet.

Impairment of interest in an associate

In YE2023, the Group recorded an impairment of interest in an associate amounting to approximately SGD0.9 million as the management has identified impairment indicator on interest in an associate due to worsened political crisis and deterioration on currency in Myanmar. No impairment or reversal of impairment was recorded in YE2022.

Other expenses

The other expenses remained relatively stable at approximately SGD2.9 million in YE2023 as compared with SGD2.8 million in YE2022.

Income tax expense

The Group provided for income tax expense of SGD79,000 due to the tax provision from the operating subsidiaries in the PRC and partially set-offed by the reversal of prior year over provision from the operating subsidiaries in the Singapore for the YE2023.

The income tax expense provided from subsidiaries incorporated in Singapore and PRC that are subjected to a tax rate of 17% and 25% respectively on the profits arising.

Loss and total comprehensive income for the year

The Group recorded a loss and total comprehensive expense for YE2023 of approximately SGD1.3 million and SGD1.8 million compared to a loss and total comprehensive expense for YE2022 of approximately SGD1.1 million and SGD1.4 million. The loss for YE2023 is mainly due to the one off impairment of interest in an associate amounting to approximately SGD0.9 million. The loss for YE2022 is mainly due to the combined effects of the increase in staff cost brought about by the increase in overall headcount, the increase in research expenses and impairment of other receivables amounting to approximately SGD0.9 million, SGD0.2 million and SGD0.5 million respectively.

LIQUIDITY, FINANCIAL RESOURCES AND GEARING RATIO

As at 31 December 2023, the cash and cash equivalents were approximately SGD4.9 million (2022: SGD4.8 million). The working capital (current assets less current liabilities) and total equity of the Group were approximately SGD0.3 million and SGD6.2 million, respectively.

As at 31 December 2023, the Group's bank and other borrowings with maturity within one year amounted to approximately SGD1.5 million (2022: SGD1.5 million).

The gearing ratio of the Group, which was defined as total debt divided by total equity, was 1.8 as at 31 December 2023 (2022: 1.5). 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 1.0 as at 31 December 2023 (2022: 1.0).

CAPITAL STRUCTURE

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 during the year. The capital structure of the Group only comprises ordinary Shares.

SHARE CAPITAL

As at 31 December 2023, the Company's issued share capital was HK$8,500,000 and the number of its issued ordinary Shares was 850,000,000.

TREASURY POLICY

The Group has adopted a prudent financial management approach towards its treasury policies and thus has maintained a healthy liquidity position throughout the year ended 31 December 2023. 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
1	Transition risk due to Singapore Government's push to phase out Internal Combustion Engine ("ICE") vehicles by 2030 and have all vehicles powered by cleaner energy by 2040.	In light of the Singapore's government vision to phase out ICE vehicles and have all vehicles powered by cleaner energy by 2040, there is a growing shift towards 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 servicing and repairs, as EVs have lesser moving parts and may only require a servicing once every year or two; 2) The 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.

	Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
2	The Group's revenue and profits are mainly derived from Singapore and China, and the Group's sales performance is susceptible to changes in both country's policies, and its financial, social and economic environment.	The Group's sales performance is susceptible to any changes or developments in the economic, financial, or social conditions of both Singapore and China that are outside the Group's control, which includes but are not limited to: 1) Singapore government regulation to limit and tighten the Certificate of Entitlement quota by only replacing the number of deregistered vehicles on the road at most. Hence, with a reduced number of vehicles on the road, the demand for the Group's aftermarket automotive services may be materially and adversely affected; and 2) supply of experienced and skilled staff, such as service advisors and technicians, mainly of which are not Singapore citizens. Hence, if there are any unfavourable changes towards Singapore's manpower policies, the supply or labour cost of such foreign workers may be affected, thus affecting the Group's business operations and profitability.	The Group will stay abreast of latest country news and policy changes to respond quickly while diversifying and strengthening our various revenue streams. For example: 1) Sending our technicians for upskilling EV courses to ensure that we can stay ahead of the competition to be able to repair and service EVs. 2) Due to the limitation of COEs, and with rising car prices, consumers are looking to rent vehicles instead. Thus, the Group has increased its rental fleet as a result. 3) Diversifying revenue across geography and industry.
3	High gearing ratio as of 31 December 2023.	Due to the recent purchase of vehicles that were bought with new hire purchase loans, coupled with existing loans, the Group's net debt to equity ratio is approximately 1.0 as of 31 December 2023. This may bring about the question whether the Group can manage its debt well and fulfil its debt repayment obligations.	The management will constantly monitor the cash flow and ratios of the Group to ensure that it can sufficiently repay its debt obligations. In addition, the hire purchase loans incurred to purchase vehicles allow the group to expand its car rental fleet, thereby increasing the Group's revenue while diversifying the Group's business further. Similarly, the management will constantly monitor the fleet's utilisation to ensure that bulk of vehicles are utilised and not idle.

	Principal Risks Identified	Description of the Principal Risks Identified	Mitigation of Risks
4	The properties of the Group are rented and not owned by the Group.	All the properties occupied for the Group's operations in China and Singapore are rental properties. As such, the Group is subject to rental rates fluctuation from time to time. If there is any significant increase in rental and utility expenses for the Group's rental properties or are forced to vacate upon the expiry of an existing tenancy, it will increase our operating expenses and may materially and adversely affect the Group's business operations, financial position and/or prospects.	To minimise unforeseen fluctuations in rental expenses, the Group has entered into long-term contracts with the landlords to fix rental rates for a foreseeable period. The Group also sources for other affordable rental places from time to time and may relocate if substantial rental cost savings can be achieved without much disruption to the Group's business.

EXPOSURE TO CURRENCY RISK

The Group's income and expenditure during the year ended 31 December 2023 were principally denominated in Singapore dollar and Chinese Yuan, and most of the assets and liabilities as at 31 December 2023 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 2023.

EXPOSURE TO CREDIT RISK

The Group's credit risk is primarily attributable to its trade and other receivables and bank balances.

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 assessment of their background and payment history.

In addition, before accepting any customer requests for credit terms, the Group's 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 the Group's chief operating officer on an ongoing basis. The Group's 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 the Group's customers was between 30 days and 90 days during the year ended 31 December 2023. The Group maintains strict control over our outstanding receivables to minimise credit risk. The Group typically does not require any collateral as security.

The Group applies the simplified approach to providing for expected credit losses ("**ECLs**") prescribed by HKFRS 9, which permits the use of lifetime expected credit losses provision for all trade receivables. To measure the ECLs, trade receivables are grouped based on shared credit risk characteristics and the days past due. Expected loss rate of current trade receivables is assessed to be 0.1% (2022: 0.2%). The ECLs for trade receivables past due within 90 days is assessed to be 2% (2022: 2%) and within 180 days is assessed to be 3% (2022: 3%). For the trade receivables over 180 days and within 365 days, the ECLs is assessed to be 7% (2022: 7%) and over 365 days is assessed to be 15% (2022: 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 2023 and 2022. 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 2023 and 2022.

The Group applies the general approach to providing for expected credit losses prescribed by HKFRS 9, which requires the use of the 12 months ECL for the other receivables. As the end of the reporting period, the internal credit rating of other receivables amount approximately SGD439,000 (2022: SGD1,033,000) were performing. The Group considered that no certain other receivables (2022: SGD504,000) has been a significant increase in credit risk in default occurring since initial recognition. Lifetime ECL was used to assess the allowances of such other receivables. To measure the expected credit losses, these other receivables have been based on individual risk assessment.

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.

EXPOSURE TO INTEREST RATE RISK

The Group's exposure to interest rate risk arises from bank and other 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 2023, its income and operating cash flows are substantially independent of changes in variable interest rates.

CAPITAL COMMITMENTS

As at 31 December 2023, the Group did not have capital commitments contracted but not provided for (2022: SGD0.5 million).

CHARGE ON GROUP'S ASSETS

As at 31 December 2023, the Group's bank and other borrowings and lease liabilities of motor vehicles were secured by a corporate guarantee from the Company, or a corporate guarantee from an indirect wholly-owned subsidiary of the Company and the underlying assets.

CONTINGENT LIABILITIES

As at 31 December 2023, the Group did not have any significant contingent liabilities or outstanding guarantees in respect of payment obligations to any third parties.

HUMAN RESOURCES AND REMUNERATION POLICY

As at 31 December 2023, the Group had 105 employees (2022: 132 employees) with total staff cost of approximately SGD6.5 million incurred for the year ended 31 December 2023 (2022: SGD6.3 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 2023.

FINAL DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2023 (2022: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND AFFILIATED COMPANIES

During the year ended 31 December 2023, except for the disposal of Maliang, the Group did not have other significant investment, material acquisitions or disposals of subsidiaries, associates, joint ventures and affiliated companies.

FUTURE PLAN FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Save as disclosed in section headed "Outlook" above, the Group does not have other plans for material investments and capital assets.

COMPETING INTERESTS

During the year ended 31 December 2023, 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 2023.

SHARE OPTION SCHEME

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

No share option has been granted since the adoption of the Share Option Scheme and there is no share option outstanding as at the beginning and the end of 2023.

CORPORATE GOVERNANCE CODE

The Company considers the maintenance of a high standard of corporate governance important to the continuous growth of the Group. The Company's corporate governance practices are based on code provisions as set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix C1 to the GEM Listing Rules.

During the year ended 31 December 2023, other than the deviation from code provision D.2.5 of the CG Code, the Company complied with the provisions of the CG Code as set out in Appendix C1 to the GEM Listing Rules.

Under code provision D.2.5 of the CG Code, the Group should have an internal audit function. The Group has conducted an annual review during the year ended 31 December 2023 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 of the Company (the "**Audit Committee**"). The review covered analysis and independent appraisal of the adequacy and effectiveness of the Company's risk management and internal control systems, encompassing the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting function as well as those related to the Company's Environmental, Social and Governance performance and reporting. 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.

Save as disclosed above, the Directors consider that during the year ended 31 December 2023 to the date of this announcement, the Company has applied the principles and complied with all the applicable code provisions set out in the CG Code.

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 2023.

Pursuant to Rule 5.66 of the GEM Listing Rules, the Directors have also requested any employee of the Company or director or employee of a subsidiary of the Company who, because of his/her office or employment in the Company or a subsidiary, is likely to possess inside information in relation to the securities of the Company, not to deal in securities of the Company when he/she would be prohibited from dealing by the Required Standard of Dealings as if he/she was a Director.

AUDIT COMMITTEE

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

The Audit Committee currently comprises of three independent non-executive directors, namely, Mr. Chu Kin Ming ("**Mr. Chu**"), Ms. Yi Jing and Mr. Chang Li-Chung. The chairman is Mr. Chu, who holds the appropriate professional qualifications as required under Rules 5.05(2) and 5.28 of the GEM Listing Rules.

The annual results of the Company for the year ended 31 December 2023 have been audited. The Audit Committee has reviewed the audited consolidated financial statements of the Group for the year ended 31 December 2023 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.

SCOPE OF WORK OF AUDITOR

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2023 as set out in this announcement have been agreed by the Group's auditor, HLB Hodgson Impey Cheng Limited, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by HLB Hodgson Impey Cheng Limited in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by HLB Hodgson Impey Cheng Limited on this announcement.

CHANGE OF DIRECTORS

Mr. Goh Duo Tzer (Wu Duoze) has resigned as an executive Director with effect from 13 October 2023.

Mr. Zhang Wenyuan has been appointed as an executive Director with effect from 13 October 2023

Ms. Lim Li Ling (Lin Liling) has resigned as an executive Director with effect from 19 January 2024.

EVENTS AFTER THE REPORTING PERIOD

The Board are not aware of any significant event which had material effect on the Group subsequent to 31 December 2023 and up to the date of this announcement.

PUBLICATION OF ANNUAL REPORT

The annual report of the Company for the year ended 31 December 2023 containing all the information required by the GEM Listing Rules and other applicable laws and regulations will be despatched to the shareholders of the Company and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

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

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

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Directors are Mr. Hu Wu'an, Mr. Ang Lay Keong (Hong Liqiang), Ms. Nie Li, Ms. Lin Xiaojuan and Mr. Zhang Wenyuan; and the independent non-executive Directors are Mr. Chu Kin Ming, Mr. Chang Li-Chung and Ms. Yi Jing.

This announcement will remain on the "Latest Listed Company Information" page of the website of The Stock Exchange of Hong Kong Limited at http://www.hkexnews.hk for at least 7 days from the date of its posting. This announcement will also be published on the Company's website at www.ow.sg.