



TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED
AND ITS SUBSIDIARIES

(Registration No. 306871)
(SGX: VI2)

CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

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CONDENSED INTERIM FINANCIAL STATEMENTS
SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2021

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A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		The Group					
		6 months	6 months		12 months	12 months	
		ended 31	ended 31		ended 31	ended 31	
		December	December	+/(-) %	December	December	+/(-) %
		2021	2020	Variance	2021	2020	Variance
	Note	RMB'000	RMB'000		RMB'000	RMB'000	
Revenue	5	2,053,437	2,387,846	-14.0%	4,515,662	4,213,990	7.2%
Cost of sales		(1,886,208)	(2,210,895)	-14.7%	(4,144,098)	(3,897,841)	6.3%
Gross profit		167,229	176,951	-5.5%	371,564	316,149	17.5%
Other income	7	48,195	53,459	-9.8%	99,500	86,597	14.9%
Other gains, net	8	5,792	3,989	45.2%	11,040	5,346	106.5%
Selling expenses		(43,752)	(45,280)	-3.4%	(84,550)	(98,918)	-14.5%
Administrative expenses		(93,376)	(84,163)	10.9%	(187,639)	(143,646)	30.6%
Reversal of provision for impairment of property, plant and equipment		-	-	-	-	29,701	-100.0%
Operating profit		84,088	104,956	-19.9%	209,915	195,229	5.9%
Finance income		717	509	40.9%	1,485	917	61.9%
Finance costs		(18,561)	(27,520)	-32.6%	(48,184)	(59,426)	-19.1%
Finance costs, net	10	(17,844)	(27,011)	-33.9%	(46,699)	(58,509)	-20.2%
Profit before income tax	9	66,244	77,945	-15.0%	163,216	136,720	19.4%
Income tax expense	12	(14,445)	(15,735)	-8.2%	(39,253)	(26,811)	46.4%
Profit for the period/year		51,799	62,210	-16.7%	123,963	109,909	12.8%
Other comprehensive income:							
<i>Items that may be reclassified to profit or loss:</i>							
- Currency translation difference		575	(13,653)	-104.2%	1,785	22,281	-92.0%
Total comprehensive income for the period/year		52,374	48,557	7.9%	125,748	132,190	-4.9%
Earnings per share attributable to owners of the Company							
Basic		0.10	0.10	0.0%	0.24	0.24	0.0%
Diluted		0.10	0.10	0.0%	0.24	0.22	9.1%

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B. CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		As at 31	As at 31	As at 31	As at 31
		December 2021	December 2020	December 2021	December 2020
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	15	184,305	171,849	-	-
Right-of-use assets		317,888	328,733	-	-
Intangible assets	14	79,716	80,523	-	-
Investment in subsidiaries		-	-	-*	-*
Deferred income tax assets		5,371	5,467	-	-
Prepayment		-	3,738	-	-
		587,280	590,310	-	-
Current assets					
Inventories		330,916	248,801	-	-
Trade and other receivables		195,512	183,153	1,055	1,085
Prepayments and deposits		406,852	408,486	63	2,034
Amounts due from fellow subsidiaries		-	20,454	-	-
Amounts due from subsidiaries	11	-	-	199,082	253,443
Financial assets at fair value through profit or loss		-	2,502	-	-
Pledged bank deposits		308,726	149,537	-	-
Cash and cash equivalents		153,324	105,815	79,512	23,769
		1,395,330	1,118,748	279,712	280,331
Total assets		1,982,610	1,709,058	279,712	280,331
Equity attributable to the owner of the Company					
Share capital	17	38,450	330,175	38,450	330,175
Share premium		81,719	8,316	81,719	8,316
Reserves		73,514	(137,584)	(271,960)	(472,668)
Retained earnings/(accumulated losses)		98,678	(121,446)	46,286	(116,884)
Total equity/(deficits)		292,361	79,461	(105,505)	(251,061)

* Below RMB1,000

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B. CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

		The Group		The Company	
		As at 31	As at 31	As at 31	As at 31
		December 2021	December 2020	December 2021	December 2020
Note		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Bank and other borrowings	16	17,921	186,133	17,921	155,350
Lease liabilities		218,156	219,414	-	-
Deferred income tax liabilities		41,311	41,264	-	-
Amount due to the immediate holding company	11	94,747	133,937	94,747	133,937
		372,135	580,748	112,668	289,287
Current liabilities					
Trade and bills payable		459,528	389,064	-	-
Accruals and other payables		55,464	59,964	1,291	2,475
Contract liabilities		182,986	165,308	-	-
Amounts due to subsidiaries		-	-	253,369	178,958
Bank and other borrowings	16	582,337	405,634	17,889	60,672
Lease liabilities		16,197	12,631	-	-
Current income tax liabilities		21,602	16,248	-	-
		1,318,114	1,048,849	272,549	242,105
Total liabilities		1,690,249	1,629,597	385,217	531,392
Total equity and liabilities		1,982,610	1,709,058	279,712	280,331

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C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

The Group	Attributable to Owners of the Group								
	Share capital	Share premium	Statutory reserve	Exchange reserve	Capital reserve	Share-based payment reserve	Distributable reserve	Retained earnings/ (accumulated losses)	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	292,422	1,526	18,662	(15,865)	(171,630)	26,377	-	(225,940)	(74,448)
Comprehensive income									
Profit for the year	-	-	-	-	-	-	-	109,909	109,909
Other comprehensive income									
Currency translation differences	-	-	-	22,281	-	-	-	-	22,281
Total comprehensive income for the year	-	-	-	22,281	-	-	-	109,909	132,190
Transaction with owners									
Issuance of shares (Note 17)	20,266	1,453	-	-	-	-	-	-	21,719
Issuance of shares under share-based compensation scheme (Note 17)	17,487	5,337	-	-	-	(22,824)	-	-	-
Transfer to statutory reserve	-	-	5,415	-	-	-	-	(5,415)	-
Total transaction with owners	37,753	6,790	5,415	-	-	(22,824)	-	(5,415)	21,719
As at 31 December 2020	330,175	8,316	24,077	6,416	(171,630)	3,553	-	(121,446)	79,461

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C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

	<u>Attributable to Owners of the Group</u>							
	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Exchange reserve</u>	<u>Capital reserve</u>	<u>Share-based payment reserve</u>	<u>Distributable reserve</u>	<u>Retained earnings/ (accumulated losses)</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	330,175	8,316	24,077	6,416	(171,630)	3,553	-	(121,446)
Comprehensive income								
Profit for the year	-	-	-	-	-	-	-	123,963
Other comprehensive income								
Currency translation differences	-	-	-	1,785	-	-	-	-
Total comprehensive income for the year	-	-	-	1,785	-	-	-	123,963
Transaction with owners								
Issuance of shares (Note 17)	5,433	86,890	-	-	-	-	-	-
Reduction of share capital (Note 17)	(297,158)	(8,316)	-	-	-	-	194,642	110,832
Capitalisation of listing expenses upon listing (Note 17)	-	(5,171)	-	-	-	-	-	-
Transfer to statutory reserve	-	-	14,671	-	-	-	-	(14,671)
Total transaction with owners	(291,725)	73,403	14,671	-	-	-	194,642	96,161
As at 31 December 2021	38,450	81,719	38,748	8,201	(171,630)	3,553	194,642	98,678

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C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

The Company

Attributable to Owners of the Group

	Share-based							
	Share <u>capital</u>	Share <u>premium</u>	Exchange <u>reserve</u>	Capital <u>reserve</u>	payment <u>reserve</u>	Distributable <u>reserve</u>	Accumulated <u>losses</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2020	292,422	1,526	(18,321)	(475,000)	26,377	-	(85,715)	(258,711)
Comprehensive income								
Profit for the year	-	-	-	-	-	-	(31,169)	(31,169)
Other comprehensive income								
Currency translation differences	-	-	17,100	-	-	-	-	17,100
Total comprehensive income for the year	-	-	17,100	-	-	-	(31,169)	(14,069)
Transaction with owners								
Issuance of shares (Note 17)	20,266	1,453	-	-	-	-	-	21,719
Issuance of shares under share-based compensation scheme (Note 17)	17,487	5,337	-	-	(22,824)	-	-	-
Total transaction with owners	37,753	6,790	-	-	(22,824)	-	-	21,719
As at 31 December 2020	330,175	8,316	(1,221)	(475,000)	3,553	-	(116,884)	(251,061)

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C. CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (CONTINUED)

<u>The Company</u>	<u>Attributable to Owners of the Group</u>							
	Share	Share	Exchange	Capital	Share-based	Distributable	(Accumulated losses)/ retained	
	<u>capital</u>	<u>premium</u>	<u>reserve</u>	<u>reserve</u>	<u>payment</u> <u>reserve</u>	<u>reserve</u>	<u>earnings</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2021	330,175	8,316	(1,221)	(475,000)	3,553	-	(116,884)	(251,061)
Comprehensive income								
Profit for the year	-	-	-	-	-	-	52,338	52,338
Other comprehensive income								
Currency translation differences	-	-	6,066	-	-	-	-	6,066
Total comprehensive income for the year	-	-	6,066	-	-	-	52,338	58,404
Transaction with owners								
Issuance of shares	5,433	86,890	-	-	-	-	-	92,323
Reduction of share capital (Note 17)	(297,158)	(8,316)	-	-	-	194,642	110,832	-
Capitalisation of listing expenses upon listing (Note 17)	-	(5,171)	-	-	-	-	-	(5,171)
Total transaction with owners	(291,725)	73,403	-	-	-	194,642	110,832	87,152
As at 31 December 2021	38,450	81,719	4,845	(475,000)	3,553	194,642	46,286	(105,505)

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

	The Group	
	12 months ended	12 months ended
	31 December 2021	31 December 2020
	RMB'000	RMB'000
Cash flows from operating activities		
Profit before income tax	163,216	136,720
Adjustments for:		
Depreciation of property, plant and equipment	23,351	22,317
Depreciation of right-of-use asset	26,690	21,502
Amortisation of goodwill and intangible assets	807	807
Gain on disposal of property, plant and equipment	(4,773)	(3,736)
Finance income	(1,485)	(917)
Finance costs	48,184	59,426
Provision for/ (reversal of) inventories written down	1,241	(2,005)
Reversal for impairment of property, plant and equipment	-	(29,701)
Fair value changes on convertible note	-	(1,670)
Fair value changes on financial assets at fair value through profit or loss	-	(2)
Operating profit before working capital changes	257,231	202,741
Changes in working capital:		
Inventories	(83,356)	167,375
Trade and other receivables, prepayments and deposits	(13,098)	(272,986)
Trade and bills payable, accruals and other payables	66,071	63,200
Amounts due from fellow subsidiaries	19,226	(2,114)
Contract liabilities	17,678	(21,865)
Cash generated from operations	263,752	136,351
Income tax paid	(33,755)	(29,437)
Net cash generated from operating activities	229,997	106,914

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D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	The Group	
	12 months ended 31 December 2021 RMB'000	12 months ended 31 December 2020 RMB'000
Cash flows from investing activities		
Interest received	1,485	917
Purchases of property, plant and equipment	(54,634)	(73,949)
Proceeds from disposal of property, plant and equipment	27,338	38,580
Proceeds from (Payment for) financial assets at fair value through profit or loss	2,502	(2,500)
Net cash used in investing activities	(23,309)	(36,952)
Cash flows from financing activities		
Proceeds from issuance of shares	92,323	21,719
Interest paid	(32,830)	(50,481)
Proceeds from bank and other borrowings	3,555,682	2,671,821
Repayment to bank and other borrowings	(3,543,844)	(2,626,077)
Principal elements of lease payments	(29,224)	(22,073)
Proceeds from pledged bank deposit	(1,658,526)	(2,208,282)
Repayment to pledged bank deposit	1,499,337	2,222,616
Repayment to the immediate holding company	(36,215)	(46,706)
Repayment of convertible notes	-	(13,909)
Listing expenses paid (equity portion)	(3,137)	(344)
Net cash used in financing activities	(156,434)	(51,716)
Net increase in cash and cash equivalents	50,254	18,246
Cash and cash equivalents		
Beginning of financial year	105,815	88,563
Effect of translation of cash and cash equivalents	(2,745)	(994)
End of financial year	153,324	105,815

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E. NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS

1. General information

Trans-China Automotive Holdings Limited (the “Company”) is listed on the Catalist board of the Singapore Exchange and incorporated in the Cayman Islands on 18 December 2015 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961, as combined and revised, of the Cayman Islands). The address of the Company’s registered office is Vistra (Cayman) Limited, P.O. Box 31119 Grand Pavilion, Hisbiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205 Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the “Group”) are principally engaged in the business of automobile dealerships in the premium market segment in the People’s Republic of China (“PRC”), which includes (i) sales of new automobiles, (ii) provision of after-sales services, including maintenance and repair services; (iii) sale of automobile parts and accessories; and (iv) automobile agency services including related registration and insurance services.

2. Basis of preparation

The condensed interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“IFRSs”) issued by the International Accounting Standards Board. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last financial statements for the year ended 31 December 2020.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards effective as of 1 January 2021 as set out in Note 2.1. The condensed interim financial statements are presented in Renminbi (“RMB”) and rounded to the nearest thousand (“RMB’000”), unless otherwise stated.

Going concern

As at 31 December 2021, Trans-China Automotive Holdings Limited (“the Company”) recorded a net liability position of RMB105,505,000 primarily due to the amounts due to its subsidiaries arising from non-trade transactions. The condensed interim financial statements are prepared on a going concern basis as the subsidiaries companies have confirmed that they will not seek repayment of any amounts within the next twelve months although the amounts are repayable on demand.

Based on the Company’s cash flow forecasts prepared by management and approved by the board of directors, management believes that the Company will be able to pay its debts as and when they fall due for the next twelve months.

2.1 New and amended standards adopted by the Group

The following are the new or amended IFRSs, interpretations and amendments to IFRSs, that are relevant to the Group:

- IFRS 9, IAS 39, IFRS 7, IFRS 4, IFRS 16 (Amendments) – Interest rate benchmark (IBOR) Reform-Phase 2

The adoption of the above new or amended IFRSs, interpretations and amendments to IFRSs did not have any significant impact on the condensed interim consolidated financial statements of the Group.

3. Use of judgements and estimates

In preparing the condensed interim financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next interim period are included in the following notes:

- Note 14 – Impairment of goodwill: key assumptions applied in estimating the value in use.

4. Segment reporting

The identification and disclosure of operating segment information is based on internal financial reports that are regularly reviewed by the Group's chief operating decision maker for the purpose of resources allocation and performance assessment. On this basis, the Group has determined that it only has one operating segment which is the sales of passenger vehicles and provision of after-sales services.

(i) Information about geographical area

All of the Group's revenue is derived from the sales of passenger vehicles and provision of after-sales services in mainland China and the principal non-current assets employed by the Group are located in mainland China. Accordingly, no analysis by geographical segments has been provided for the reporting period.

(ii) Information about major customers

The Group's customer base is diversified and no customer with whom transactions have exceeded 10% of the Group's revenues.

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5. Revenue

	6 months ended 31 December			12 months ended 31 December		
	2021	2020	+/(-) Variance	2021	2020	+/(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sale of automobiles	1,759,628	2,098,796	-16.2%	3,972,176	3,703,958	7.2%
Provision of after-sales services	293,809	289,050	1.6%	543,486	510,032	6.6%
	2,053,437	2,387,846	-14.0%	4,515,662	4,213,990	7.2%

During the years ended 31 December 2020 and 2021, all of the Group's revenue is from contracts with customers and is recognised at a point in time.

6. Financial assets and financial liabilities

Set out below is an overview of the financial assets and financial liabilities of the Group and Company:

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Trade and other receivables	195,512	183,153	1,055	1,085
Amounts due from fellow subsidiaries	-	20,454	-	-
Amounts due from subsidiaries	-	-	199,082	253,443
Financial assets at fair value through profit or loss	-	2,502	-	-
Pledged bank deposits	308,726	149,537	-	-
Cash and cash equivalents	153,324	105,815	79,512	23,769
	657,562	461,461	279,649	278,297

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6. Financial assets and financial liabilities (continued)

Set out below is an overview of the financial assets and financial liabilities of the Group and Company:

	The Group		The Company	
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	RMB'000	RMB'000	RMB'000	RMB'000
Financial liabilities				
Trade and bills payable	459,528	398,064	-	-
Accruals and other payables ¹	22,223	13,899	1,291	2,475
Bank and other borrowings	600,258	591,767	35,810	216,022
Lease liabilities	234,353	232,045	-	-
Amount due to the immediate holding company	94,747	133,937	94,747	133,937
Amounts due to the subsidiaries	-	-	253,369	178,958
	1,411,109	1,369,712	385,217	531,392

Note 1 : Accruals and other payables (excluding salaries payables and other taxes payables)

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7. Other income

	6 months ended 31 December			12 months ended 31 December		
	2021	2020	+/(-) Variance	2021	2020	+/(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Handling and commission fee income	30,509	28,505	7.0%	68,839	48,541	41.8%
Insurance rebate	4,507	6,930	-35.0%	10,503	14,429	-27.2%
Deposit forfeited by customers	4,140	12,954	-68.0%	4,616	18,159	-74.6%
Government grants	1,120	481	132.8%	1,922	1,802	6.7%
Pre-owned cars and fleet sale commissions	6,008	597	906.4%	8,579	1,039	725.7%
Others	1,911	3,992	-52.1%	5,041	2,627	91.9%
	48,195	53,459	-9.8%	99,500	86,597	14.9%

8. Other gains, net

	6 months ended 31 December			12 months ended 31 December		
	2021	2020	+/(-) Variance	2021	2020	+/(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Gain on disposals of fixed assets	1,392	1,514	-8.1%	4,773	3,736	27.8%
Exchange differences	436	2,222	-80.4%	2,318	389	495.9%
Fair value and derecognition of convertible notes	-	-	-	-	1,670	-100.0%
Reversal of other payables	4,092	-	100.0%	4,092	-	100.0%
Others	(128)	253	-150.6%	(143)	(449)	-68.2%
	5,792	3,989	45.2%	11,040	5,346	106.5%

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9. Profit before taxation

Profit before taxation is carried at after charging/ (crediting) the following:

	6 months ended 31 December			12 months ended 31 December		
	2021	2020	+/(Variance	2021	2020	+/(Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Cost of sales of motor vehicles and spare parts	1,870,495	2,193,742	-14.7%	4,111,633	3,874,031	6.1%
Employee benefit expenses (including directors' emoluments)	77,576	77,959	-0.5%	157,031	136,463	15.1%
(Reversal of)/provision for inventories write-down	(1,368)	2,363	-157.9%	1,241	(2,005)	-161.9%
Auditor's remuneration	1,900	1,942	-2.2%	3,061	4,127	-25.8%
Advertising expenses	9,671	10,463	-7.6%	15,964	13,329	19.8%
Fuel and maintenance expenses	3,238	3,355	-3.5%	5,952	4,315	37.9%
Depreciation of property, plant and equipment	11,432	9,864	15.9%	23,351	22,317	4.6%
Depreciation of right-of-use assets	13,383	10,679	25.3%	26,690	21,502	24.1%
Amortisation of intangible assets	404	404	-	807	807	-
Bank charges	913	1,472	-38.0%	1,989	2,843	-30.0%
Entertainment	419	351	19.4%	699	605	15.5%
Legal and professional fees	1,426	2,634	-45.9%	6,551	4,075	60.8%
Listing expenses	5,898	869	578.7%	8,964	2,060	335.1%
IT and security fees	3,250	1,328	144.7%	7,272	5,172	40.6%
Office, communication and utilities expenses	5,771	4,889	18.0%	10,769	8,351	29.0%
Other tax expenses	13,214	12,076	9.4%	23,926	30,924	-22.6%
Short term lease expenses	1,629	2,628	-38.0%	3,905	4,335	9.9%
Travelling expenses	1,606	1,272	26.3%	2,647	2,383	11.1%
Others	2,479	2,048	21.1%	3,835	4,771	-19.6%
	2,023,336	2,340,338	-13.5%	4,416,287	4,140,405	6.7%

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10. Finance costs, net

	6 months ended 31 December			12 months ended 31 December		
	2021	2020	+/(-) Variance	2021	2020	+/(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Finance income						
-Bank interest income	717	509	40.9%	1,485	917	62.0%
	717	509	40.9%	1,485	917	62.0%
Finance costs						
-Interest expense on bills payable	(1,916)	(3,584)	-46.5%	(7,778)	(7,023)	10.8%
-Interest expense on bank and other borrowings	(8,842)	(18,173)	-51.3%	(24,747)	(41,588)	-40.5%
-Interest expense on lease liability	(7,803)	(5,763)	35.4%	(15,659)	(10,815)	44.8%
	(18,561)	(27,520)	-32.6%	(48,184)	(59,426)	-18.9%
Finance costs, net	(17,844)	(27,011)	-33.9%	(46,699)	(58,509)	-20.2%

11. Related party transactions

Balances with the immediate holding company and fellow subsidiaries:

	Note	The Group		The Company	
		2021	2020	2021	2020
		RMB'000	RMB'000	RMB'000	RMB'000
Amounts due from fellow subsidiaries	(i)	-	20,454	-	-
Amount due to the immediate holding company	(ii)	94,747	133,937	94,747	133,937
Amounts due to subsidiaries	(i)	-	-	253,369	178,958
Amounts due from subsidiaries	(i)	-	-	199,082	253,443

- (i) The balances with subsidiaries and fellow subsidiaries were unsecured, interest free, receivable on demand, and their carrying values approximate their fair values.
- (ii) The balance with the immediate holding company was unsecured, interest free and due on 31 December 2022.

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12. Income tax expense

The Group calculates the period income tax expense using the tax rate that would be applicable to the expected total annual earnings. The major components of income tax expense in the condensed interim consolidated statement of profit or loss are:

	6 months ended 31 December		12 months ended 31 December	
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax:				
- PRC corporate income tax	14,874	17,434	39,112	28,209
- Hong Kong profits tax	-	-	-	-
- Withholding tax	284	-	284	-
Deferred income tax credited to profit or loss	(713)	(1,699)	(143)	(1,398)
Income tax expense	14,445	15,735	39,253	26,811

13. Net asset value

	The Group		The Company	
	As at 31	As at 31	As at 31	As at 31
	December 2021	December 2020	December 2021	December 2020
Net Asset Value per share (cents)	0.57	0.16	(0.21)	(0.50)
Net Asset Value (RMB'000)	292,361	79,461	(105,505)	(251,061)
Number of weight average shares used	511,200,662	499,323,950	511,200,662	499,323,950

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14. Intangible assets

	Goodwill	Dealership rights	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2020			
Cost	52,922	32,443	85,365
Accumulated amortisation and impairment	-	(4,035)	(4,035)
Net book amount	52,922	28,408	81,330
As at 31 December 2020			
Opening net book amount	52,922	28,408	81,330
Amortisation	-	(807)	(807)
Closing net book amount	52,922	27,601	80,523
At 31 December 2020 and 1 January 2021			
Cost	52,922	32,443	85,365
Accumulated amortisation and impairment	-	(4,842)	(4,842)
Net book amount	52,922	27,601	80,523
As at 31 December 2021			
Opening net book amount	52,922	27,601	80,523
Amortisation	-	(807)	(807)
Closing net book amount	52,922	26,794	79,716
As at 31 December 2021			
Cost	52,922	32,443	85,365
Accumulated amortisation and impairment	-	(5,649)	(5,649)
Net book amount	52,922	26,794	79,716

14. Intangible assets (Continued)

Goodwill is allocated to the Group's Cash Generating Units "CGUs" identified according to operating entities. Goodwill is allocated to relevant operating entities.

The recoverable amount of the CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows were then extrapolated using the estimated growth rates beyond the five-year period. The growth rate does not exceed the long-term average growth rate for the business in which the CGUs operates.

Management determined the budgeted revenue growth rate based on past performance and its expectation of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant segments.

Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment of goodwill. There was no impairment provision for intangible assets during the years ended 31 December 2020 and 2021.

15. Property, plant and equipment

During the 12 months ended 31 December 2021, the Group acquired assets amounting to RMB54,634,000 (31 December 2020: RMB70,211,000) and disposed of assets amounting to RMB18,827,000 (31 December 2020: RMB34,844,000)

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16. Bank and other borrowings

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Bank borrowings – secured	270,389	60,000	17,889	-
Borrowings from manufacturers – secured	307,310	266,910	-	-
Other borrowings – secured	4,638	78,724	-	60,672
	582,337	405,634	17,889	60,672
Non-current:				
Bank borrowings – secured	17,921	-	17,921	-
Other borrowings – secured	-	186,133	-	155,350
	17,921	186,133	17,921	155,350
Total bank and other borrowings	600,258	591,767	35,810	216,022

As at 31 December 2020 and 2021, certain borrowings of the Group were secured by pledge of assets of the Group, and corporate and personal guarantees by certain related parties of the Group.

The carrying values of assets pledged to various banks for securing bank and other borrowings are:

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2021	2020	2021	2020
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets	180,000	-	-	-
Property, plant and equipment	-	1,609	-	-
Inventories	317,310	263,823	-	-
	497,310	265,432	-	-

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17. Share capital

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As at 1 January 2020	44,379,507	292,422	1,526	293,948
Issuance of shares (Note (a))	2,959,262	20,266	1,453	21,719
Issuance of shares under share-based payment	2,593,626	17,487	5,337	22,824
As at 31 December 2020 and 1 January 2021	49,932,395	330,175	8,316	338,491
Reduction of share capital (Note (b))	-	(297,158)	(8,316)	(305,474)
Subdivision of shares (Note (c))	449,391,555	-	-	-
Issuance of shares upon listing	85,000,000	5,433	86,890	92,323
Capitalisation of listing expenses upon listing	-	-	(5,171)	(5,171)
As at 31 December 2021	584,323,950	38,450	81,719	120,169

Notes:

- During the year ended 31 December 2020, the Company issued 2,959,262 ordinary shares at a total consideration of US\$2,959,262 (equivalent to approximately RMB21,719,000) to its shareholders.
- On 7 April 2021, the issued and paid-up share capital of the Company was reduced from US\$49,932,395 divided into 49,932,395 shares with a par value of US\$1.00 each in the capital of the Company to US\$4,993,239.50 divided into 49,932,395 shares with a par value of US\$0.10 each in the capital of the Company.
- On 17 September 2021, the Company approved the sub-division of each ordinary share into 10 shares and the total number of shares in issue increased from 49,932,395 to 499,323,950.

18. Subsequent events

Save as dividend information disclosed in Note 5 of "Other Information Required by Appendix 7C of the Catalist Rules" in this report, there are no other material subsequent events undertaken by the Company or the subsidiaries of the Group after 31 December 2021.

F. Other Information Required by Appendix 7C of the Catalist Rules

1. Review

The condensed consolidated statement of financial position of Trans-China Automotive Holdings Limited and its subsidiaries as at 31 December 2021 and the related condensed consolidated comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the six months and full year period then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

Condensed Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

Revenue

The overall Chinese passenger vehicle market grew by 4.7% to 20.1 million units in 2021 from 19.2 million units in 2020. Premium segment unit sales increased by 4.0% to 2.6 million units in 2021 from 2.5 million units in 2020¹. The automobile market was underpinned by a stable Chinese economy, despite head winds in the Chinese real estate and technology sector. The Company's core brand, BMW, was the leading premium automobile brand in China and grew its sales by 8.3% to 821,000 units in 2021. BMW outsold its nearest competitors Mercedes Benz which sold 770,000 units, a decrease of 2.8% from prior year and Audi which sold 691,000 units, a decrease of 5.5%².

Our total revenue increased by 7.2% or approximately RMB301.7 million from RMB4,214.0 million in financial year ended 31 December 2020 ("FY2020") to RMB4,515.7 million in FY2021 financial year ended 31 December 2021 ("FY2021"). The increase was attributable to increase in both sale of automobiles and after-sales services revenue.

Revenue from automobile sales increased by 7.2% or approximately RMB268.2 million from RMB3,704.0 million in FY2020 to RMB3,972.2 million in FY2021, as a result of higher unit sales and higher average sales price, increased by 6.5% or 657 units to 10,809 units in FY2021. We enjoyed strong automobile sales growth in the first half of FY2021 while the second half of FY2021 were impacted by automobile inventory supply shortage which affected our super premium division more.

Provision of after-sales services revenue resumed growth in FY2021 and expanded by 6.6% or approximately RMB33.5 million from RMB510.0 million in FY2020 to RMB543.5 million in FY2021. The overall growth is primarily due to our BMW customers returning to our dealerships for repairs and maintenance services.

The first half of FY2020 was impacted by the COVID-19 pandemic outbreak which led to dealership closures during February to April 2020. As the pandemic crisis abated, the Group's revenue rebounded in the second half of FY2020, contributed 56.7% of total revenue in FY2020. During FY2021, the Group's revenue in the second half of FY2021 contributed 45.5% of total revenue in FY2021 despite supply disruptions disrupting the super-premium division. There were no COVID-19 related shutdowns in FY2021.

¹ Source: China Passenger Car Association (<http://www.cPCAauto.com/newslist.php?types=csid&id=731>)

² Source: Autohome (<https://www.autohome.com.cn/news/202201/1235399.html?pvareaid=3311315>)

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Cost of Sales & Gross Profit

Cost of sales of automobile increased by 6.2% or approximately RMB222.3 million from RMB3,596.4 million in FY2020 to RMB3,818.7 million in FY2021 as a result of higher unit sold. Gross profit increased by 42.7% or RMB45.9 million, from RMB107.6 million in FY2020 to RMB153.5 million in FY2021. Due to strong demand for premium cars and enhanced inventory management, the gross margin also improved from 2.9% in FY2020 to 3.9% in FY2021. Our inventory turn around was improved from 31.0 days in FY2020 to 25.5 days in FY2021.

Cost of provision of after-sales services increased by 8.0% or approximately RMB24.0 million from RMB301.4 million in FY2020 to RMB325.4 million in FY2021 as a result of higher after-sales services volume. Gross profit increased by 4.6% or approximately RMB9.5 million from RMB208.6 million in FY2020 to RMB218.1 million in FY2021. Gross margin was 40.1% in FY2021, a slight decrease of 0.8% from 40.9% in FY2020 due to a higher proportion of service orders coming from lower valued repair orders.

Other Income

Other income increased by 14.9% or RMB12.9 million from RMB86.6 million in FY2020 to RMB99.5 million primarily due to higher commissions from financing, trade-in of pre-owned vehicles and fleet sales which partially offset by a decrease in insurance rebate. There is a decrease of 74.6% in deposit forfeited by customer which was RMB18.2 million in FY2020 compared with RMB4.6 million in FY2021. In FY2020, a number of our super premium customers cancelled and forfeited their deposits on their orders because of the COVID-19 outbreak and associated economic uncertainties.

Other Gains

Other gains, which are non-operating in nature, increased by 106.5% or RMB5.7 million from RMB5.3 million in FY2020 to RMB11.0 million in FY2021. The other gains in FY2021 consisted of exchange gains of RMB2.3 million, gain on disposal of fixed assets of RMB4.8 million and reversal of other payables of RMB4.1 million.

Expenses

Selling expenses decreased by 14.5% or RMB14.3 million from RMB98.9 million in FY2020 to RMB84.6 million in FY2021 as a result of lower consumption taxes on super premium cars, offset by increases in advertising expenses.

Administrative expenses increased by 30.6% or RMB44.0 million from RMB143.6 million in FY2020 to RMB187.6 million mainly due to (i) higher legal fees and other professional fees related to the initial public offer of RMB9.4 million, (ii) higher depreciation of RMB6.2 million of rights use of assets as part of a new lease, and (iii) increase in staffing costs by RMB20.6 million.

In FY2020, the Company reversed the impairment provision on property, plant and equipment of RMB29.7 million relating to one of its dealerships as a result of a record of profitability and continued expectation of profit.

Net finance costs decreased by 20.2% or RMB11.8 million from RMB58.5 million in FY2020 to RMB46.7 million in FY2021. The Company had higher finance income of RMB1.5 million in FY2021 compared to RMB0.9 million in FY2020, increased by 66.7% or RMB0.6 million. The Company also repaid a term loan with cash from operations and proceeds from lower cost working capital loans in FY2021. Furthermore, as a result of improved liquidity, better utilization of cash on hand, shorter tenured credit lines and faster inventory turnover, finance costs decreased by 18.9% from RMB59.4 million in FY2020 to RMB48.2 million in FY2021.

The profit before income tax increased by 19.4% or RMB26.5 million from RMB136.7 million in FY2020 to RMB163.2 million in FY2021. Net profit for the year improved by 12.8% or RMB14.1 million from RMB109.9 million in FY2020 to RMB124.0 million in FY2021.

Condensed Interim Statement of Financial Position

Current assets

The Group's current assets increased by RMB276.6 million during the financial year to RMB1,395.3 million as at 31 December 2021, largely due to:

- a. Increase in inventory, trade receivable and other receivables for total of RMB94.5 million as a result of increased business activity in FY2021.
- b. Decrease in prepayment and deposits of RMB1.6 million due to increase in deposit for manufacturers deposits offset by lower security deposit requirement by our financial partners.
- c. Decrease in amounts due from related companies of RMB20.5 million which has been collected during the financial year.
- d. Increase in pledged bank deposits and cash and bank balances for total of RMB206.7 million mainly due to the initial public offer which raised gross proceeds of RMB92.3 million.

Non-Current assets

The Group's non-current assets decreased by RMB3.0 million during the financial year to RMB587.3 million as at 31 December 2021, largely due to:

- a. Decrease in right-of-use assets and intangible assets of RMB11.7 million as a result of depreciation and amortization.
- b. Reclassification of deposit paid for acquisition of property plant and equipment of RMB3.7 million to property, plant and equipment, as the renovation projects were completed.
- c. Increase in property, plant and equipment RMB12.5 million due to net additions of motor vehicles, leasehold improvements and furniture.

Current Liabilities

The Group's current liabilities increased by RMB269.3 million during the financial year to RMB1,318.1 million as at 31 December 2021, largely due to:

- a. Increase in trade and bills payable of RMB70.5 million for increased automobile and spare parts inventory.
- b. Decrease in accruals and other payables of RMB4.5 million as a result of settlements of these payables before end of the reporting period.
- c. Increase in contract liabilities of RMB17.7 million as the Group had more orders on hand at year-end to be delivered in FY2022.
- d. Increase in short term debt (bank and other borrowings) of RMB176.7 million as the Group utilized its credit lines to retire a high-cost term loan and to fund working capital items such as deposits to manufacturers. It's a standard banking practices in the PRC for all of the credit lines to have terms of one year. These credit lines are usually renewed at similar terms upon maturity.
- e. Increase in current income taxes liabilities of RMB5.4 million as a result of higher profit for the year.
- f. Increase in current lease liabilities of RMB3.6 million as a result of reclassification from non-current liabilities.

Non-current Liabilities

The Group's non-current liabilities decreased by RMB208.6 million during the financial year to RMB372.1 million as at 31 December 2021, largely due to:

- a. Decrease in long term loan (bank and other borrowings) of RMB168.2 million due to repayment of one of its term loans with cash on hand and lower costs credit lines.
- b. Decrease in amount due to immediate holding company of RMB39.2 million due to repayment during the financial year.
- c. Decrease in non-current lease liabilities of RMB1.3 million as a result of reclassification from long term to short term liabilities.

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Shareholder's equity

The Group's shareholder equity increased by RMB212.9 million from RMB79.5 million as at 31 December 2020 to RMB292.4 million as at 31 December 2021. The changes in share capital, share premium and reserves due to new share issuances from the initial public offer. Retained earnings as at 31 December 2021 was RMB98.7 million as result of profit for FY2021.

Condensed Interim Statement of Cash Flows

The Group generated net cash from operating activities before movement in working capital of RMB257.2 million in FY2021 compared with RMB202.7 million in FY2020 as a result of higher revenue and net profit.

Net cash generated from operating activities was RMB230.0 million in FY2021 compared with RMB106.9 million in FY2020 as a result of:

- a. Trade and bills payable, accruals and other payables were higher by RMB66.1 million as a result of higher inventory levels
- b. Contract liabilities were higher by RMB17.7 million as a result of orders received near the end of the reporting period but delivered after year-end
- c. Amount due from fellow subsidiaries of RMB19.2 million were collected in FY2021; offset by:
- d. Investment in Inventories of RMB83.4 million as a result of higher business activity and
- e. Trade and other receivables, prepayments and deposits increased by RMB13.1 million as a result of higher revenue

Net cash used in investing activities were RMB23.3 million, comprised of:

- a. Purchases of property, plant and equipment of RMB54.6 million, primarily motor vehicles to be used as demonstration vehicles, leasehold improvements and furniture and equipment associated with dealership renovations; offset by:
- b. Proceeds from disposal of property, plant and equipment of RMB27.3 million, primarily from motor vehicles that are retired from our demonstration vehicle fleet
- c. Proceeds from interest received for our deposits with financial institutions of RMB1.5 million and redemption of an investment product of RMB2.5 million

Net cash used in financing activities were RMB156.4 million, primarily as a result of:

- a. Interest paid on bank borrowings of RMB32.8 million
- b. Payment of lease payments of RMB29.2 million
- c. Repayment to the immediate holding company of RMB36.2 million
- d. Increased pledged deposits banks of RMB159.2 million to secure higher credit lines; offset by:
- e. Increased bank and other borrowings of RMB11.8 million
- f. Gross proceeds from the initial public offer of RMB92.3 million

As a result of the foregoing, net increase in cash and cash equivalents increased by RMB50.3 million from RMB105.8 million at 31 December 2020 to RMB153.3 million at 31 December 2021.

3. Where the latest financial statements are subject to an adverse opinion, qualified opinion or disclaimer of opinion:

- (a) Updates on the efforts taken to resolve each outstanding audit issue.
- (b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

This is not required for any audit issue that is a material uncertainty relating to going concern.

Not applicable.

4. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

5. A commentary at the date of the announcement of significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and next 12 months

Our business volume in January 2022 was similar to January 2021. We noted that there were COVID-19 outbreaks in our markets in 2022 but it has not resulted in any of our store closures. During the outbreaks, there were intra-city movement restrictions that resulted in lower customer flow to our dealerships. To safeguard our customers and team members, each of our stores took extra precautionary measures on top of regular COVID-19 prevention practices, such as requiring proof of negative COVID-19 test results before allowing customer visits and more vigorous disinfection procedures. The outbreak of hostilities between Russia and Ukraine has brought new geopolitical and macro-economic risks. At this point in time, Management does not expect that these risks will have a material impact, if any, to its business as TCA's markets and suppliers are far removed from the region.

In February 2022, we terminated our existing arrangement with Lotus distributor to sell Lotus automobiles which is part of our super premium division. Lotus total revenue contribution was approximately RMB2.0 million or 0.0% of our FY2021 total revenue and it was loss making. We will re-deploy our resources and staffs to our other stores.

The Company has also commenced construction of its two expansion projects. We are building a Genesis dealership in Guangzhou and a BMW service centre located in nearby suburb of our Shenzhen dealership. The total capital expenditure of these two projects is expected to be RMB32.0 million and will open in late second quarter of financial year ending 31 December 2022 ("FY2022"). Genesis is the premium brand of Hyundai and the Company will operate the first and only Genesis dealership in Guangzhou, where we also have a BMW dealership. We are optimistic about the prospects of this brand as Genesis vehicles are well received in other international markets and Hyundai have committed significant resources to launch this brand in China. Similarly, our BMW service centre will expand our Shenzhen store's footprint to a new area and increase the convenience for our existing customers living there.

Our business is reliant on credit lines. Throughout the year, we are in regular communications with our financial partners to keep them abreast of the Company's developments. We have renewed one of our main credit lines in February. The key terms remain unchanged.

With the Chinese car market is expected to grow in 2022³, we are looking to build-on the success of FY2020 and FY2021. We are budgeting growth for BMW stores. Our super premium business was constrained by the supply issues in FY2021, but we anticipate that business will resume to normal in the second half of FY2022 with new products and easing of the supply chain. We are also optimistic of our new Genesis dealership and new BMW Shenzhen service

³ Source: Reuters (<https://www.reuters.com/markets/asia/china-auto-sales-hit-275-mln-2022-up-54-industry-body-2021-12-17/>)

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centre in 2022. Our company is working to secure a dealership of another brand, and if successful, we will locate this new dealership next to our BMW Chongqing dealership where we already own a vacant land. We have made this one of our key goals.

Finally, as a result of improved liquidity and well managed treasury, we have proposed a dividend of RMB 0.0257 per ordinary share representing 12.1% of an earnings payout ratio. While our primary use of cash will be to fund our expansion projects and reduce debt further, stable dividend growth will be part of our core business objective.

6. Dividend information

(a) Current financial period reported on

Whether an interim (final) ordinary dividend has been declared or recommend?

Yes, the Board has recommended a final tax-exempt dividend of RMB 0.0257 per ordinary share to be approved at the Annual General Meeting.

Name of Dividend:	Final
Dividend Type:	Cash or otherwise
Dividend Amount per Share:	RMB 0.0257 per ordinary share (approximately S\$0.0055 per ordinary share based on exchange rate of S\$1:RMB4.67 as at 25 February 2022)
Tax rate:	Tax-exempt

(b) Previous corresponding period

Whether an interim (final) ordinary dividend has been declared or recommend?

No dividend has been declared or recommended for the corresponding period of the immediately preceding financial year.

(c) Date payable

To be advised.

(d) Book closure date

To be advised.

(e) If no dividend has been dividend has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Not applicable.

6a. If no dividend has been declared or recommended, a statement to that effect and the reason (s) for the decisions

Not applicable.

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7. Interested person transactions

The Group has not obtained a general mandate from shareholders for Interested Person Transactions ("IPTs").

The aggregate value of IPTs entered into by the Group was as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
TCA International Limited	Controlling shareholder	RMB 39,190,000	Not applicable
Minsheng Dongdu Automobile Trading Shenzhen Co. Ltd	Indirect subsidiary of controlling shareholder	RMB 20,454,000	Not applicable

8. Status of the use of IPO funds raised

The Group raised net proceeds of S\$16.3 million. As of the date of the announcement, S\$2.3 million⁽¹⁾ was allocated for general working capital which was used to payment of spare parts inventory and S\$3 million⁽²⁾ was utilised for payment to contractors and suppliers relating to the construction of the Group's Genesis dealership in Guangzhou. The Group has \$11.0 million in unutilized IPO proceeds allocated to increasing the number of our dealerships, showrooms and service centres in cities where we have existing operations.

	Allocation of net proceeds	Amount utilized as at the date of this announcement	Balance as at the date of this announcement
	S\$'000	S\$'000	S\$'000
Increasing the number of our dealerships, showrooms and service centres in cities where we have existing operations, namely in	11,000	-	11,000

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Foshan, Shenzhen,
Guangzhou, Chongqing,
Changsha and Wuhan

Expanding our business through growing our dealership network to new regions, diversifying to other premium and ultra-premium automobile brands, and expanding and diversifying into complementary businesses	3,000	3,000 ⁽²⁾	-
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General working capital purposes	2,311	2,311 ⁽¹⁾	-
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Total	16,311	5,311	11,000
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9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Catalist Rule 720(1)

The Company has received undertaking from all its directors and executive officers in the format as set out in Appendix 7H under Rule 720(1) of the Catalist Rules of the SGX-ST.

10. Disclosure of persons occupying managerial positions in the issuer or any of its principal subsidiaries who are related to a director, CEO or a substantial shareholder of the issuer pursuant to Catalist Rule 704(10) in the format below. If there are no such persons, the issuer must make an appropriate negative statement

There are no persons occupying managerial positions that are related to a director, CEO or a substantial shareholder.

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BY ORDER OF THE BOARD

Francis Tjia

Executive Chairman and Chief Executive Officer

28 February 2022