



TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED  
AND ITS SUBSIDIARIES

(Registration No. 306871)  
(SGX: VI2)

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

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**TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED AND ITS SUBSIDIARIES**  
CONDENSED INTERIM FINANCIAL STATEMENTS  
SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023

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**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

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**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**SIX MONTHS AND FULL YEAR ENDED 31 DECEMBER 2023**

**A. CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

		<b>The Group</b>						
		<b>6 months</b>	<b>6 months</b>		<b>12 months</b>	<b>12 months</b>		
		<b>ended 31</b>	<b>ended 31</b>		<b>ended 31</b>	<b>ended 31</b>		
		<b>December</b>	<b>December</b>	<b>+/(-) %</b>	<b>December</b>	<b>December</b>	<b>+/(-) %</b>	
		<b>2023</b>	<b>2022</b>	<b>Variance</b>	<b>2023</b>	<b>2022</b>	<b>Variance</b>	
Note		<b>RMB'000</b>	<b>RMB'000</b>		<b>RMB'000</b>	<b>RMB'000</b>		
	Revenue	5	1,770,338	1,977,266	-10.5%	3,455,524	4,026,553	-14.2%
	Cost of sales	9	(1,775,791)	(1,927,248)	-7.9%	(3,394,811)	(3,829,429)	-11.3%
	<b>Gross (loss) profit</b>		<b>(5,453)</b>	<b>50,018</b>	<b>-110.9%</b>	<b>60,713</b>	<b>197,124</b>	<b>-69.2%</b>
	Other income	7	118,334	73,550	60.9%	201,669	122,894	64.1%
	Other gains, net	8	3,549	6,516	-45.5%	4,796	6,618	-27.5%
	Selling expenses #	9	(71,695)	(63,055)	13.7%	(140,178)	(122,145)	14.8%
	Administrative expenses #	9	(81,037)	(77,050)	5.2%	(151,917)	(145,074)	4.7%
	Impairment charge	14/15	(25,829)	-	n.m.	(25,829)	-	n.m.
	Operating (loss) profit		(62,131)	(10,021)	520.0%	(50,746)	59,417	-185.4%
	Finance income	10	720	1,130	-36.3%	2,258	6,246	-63.8%
	Finance costs	10	(20,675)	(19,670)	5.1%	(44,372)	(37,447)	18.5%
	Finance costs, net		(19,955)	(18,540)	7.6%	(42,114)	(31,201)	35.0%
	<b>(Loss) Profit before income tax</b>		<b>(82,086)</b>	<b>(28,561)</b>	<b>187.4%</b>	<b>(92,860)</b>	<b>28,216</b>	<b>-429.1%</b>
	Income tax credit (expense)	12	5,869	9,098	-35.5%	1,285	(7,258)	-117.7%
	<b>(Loss) Profit for the period/year</b>		<b>(76,217)</b>	<b>(19,463)</b>	<b>291.6%</b>	<b>(91,575)</b>	<b>20,958</b>	<b>-536.9%</b>
	<b>Other comprehensive income:</b>							
	<i>Items that may be reclassified to profit or loss:</i>							
	- Currency translation difference		1,973	(4,272)	-146.2%	(2,177)	(6,831)	-68.1%
	<b>Total comprehensive (loss) income for the period/year</b>		<b>(74,244)</b>	<b>(23,735)</b>	<b>212.8%</b>	<b>(93,752)</b>	<b>14,127</b>	<b>-763.6%</b>
	<b>(Loss) Earnings per share attributable to owners of the Company</b>							
	Basic and diluted		(0.13)	(0.03)	286.3%	(0.16)	0.04	-535.0%

# Certain comparative figure has been reclassified to conform to the presentation of the current year and the corresponding ratio was re-calculated accordingly.

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**B. CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

	Note	The Group		The Company	
		As at 31 December 2023	As at 31 December 2022	As at 31 December 2023	As at 31 December 2022
		RMB'000	RMB'000	RMB'000	RMB'000
<b>ASSETS</b>					
<b>Non-current assets</b>					
Property, plant and equipment	15	243,321	227,942	-	-
Right-of-use assets		289,520	310,465	-	-
Intangible assets	14	57,823	78,909	-	-
Investment in subsidiaries		-	-	_*	_*
Deferred income tax assets		11,468	9,757	-	-
		<u>602,132</u>	<u>627,073</u>	<u>-</u>	<u>-</u>
<b>Current assets</b>					
Inventories		323,920	478,706	-	-
Trade and other receivables		251,421	239,520	-	-
Prepayments and deposits		87,150	159,589	127	87
Amounts due from subsidiaries	11	-	-	204,278	215,778
Pledged bank deposits		252,237	204,984	-	-
Cash and cash equivalents		74,960	106,305	1,675	27,385
		<u>989,688</u>	<u>1,189,104</u>	<u>206,080</u>	<u>243,250</u>
<b>Total assets</b>		<b><u>1,591,820</u></b>	<b><u>1,816,177</u></b>	<b><u>206,080</u></b>	<b><u>243,250</u></b>
<b>Equity attributable to the owner of the Company</b>					
Share capital	17	41,994	41,994	41,994	41,994
Share premium		82,796	82,796	82,796	82,796
Reserves		69,002	68,803	(296,076)	(299,149)
Retained earnings		4,530	102,490	273,555	283,160
<b>Total equity</b>		<b><u>198,322</u></b>	<b><u>296,083</u></b>	<b><u>102,269</u></b>	<b><u>108,801</u></b>

\* Below RMB1,000

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

	Note	The Group		The Company	
		As at 31	As at 31	As at 31	As at 31
		December 2023	December 2022	December 2023	December 2022
		RMB'000	RMB'000	RMB'000	RMB'000
<b>LIABILITIES</b>					
<b>Non-current liabilities</b>					
Bank and other borrowings	16	9,238	-	-	-
Lease liabilities		211,032	219,926	-	-
Deferred income tax liabilities		32,699	41,131	-	-
Amount due to the immediate holding company	11	73,900	71,790	73,900	71,790
		<b>326,869</b>	<b>332,847</b>	<b>73,900</b>	<b>71,790</b>
<b>Current liabilities</b>					
Trade and bills payable		516,764	611,484	-	-
Accruals and other payables		73,802	47,457	1,143	1,050
Contract liabilities		90,328	121,573	-	-
Amounts due to subsidiaries	11	-	-	-	24,846
Loan due to shareholder		28,768	-	28,768	-
Bank and other borrowings	16	325,019	382,378	-	36,763
Lease liabilities		27,157	20,844	-	-
Current income tax liabilities		4,791	3,511	-	-
		<b>1,066,629</b>	<b>1,187,247</b>	<b>29,911</b>	<b>62,659</b>
<b>Total liabilities</b>		<b>1,393,498</b>	<b>1,520,094</b>	<b>103,811</b>	<b>134,449</b>
<b>Total equity and liabilities</b>		<b>1,591,820</b>	<b>1,816,177</b>	<b>206,080</b>	<b>243,250</b>

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**C. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**

The Group

Attributable to Owners of the Group

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Exchange reserve</u>	<u>Capital reserve</u>	<u>Distributable reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	<b>38,450</b>	<b>81,719</b>	<b>38,748</b>	<b>8,201</b>	<b>(171,630)</b>	<b>194,642</b>	<b>102,231</b>	<b>292,361</b>
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	-	20,958	20,958
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	(6,831)	-	-	-	(6,831)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,831)</b>	<b>-</b>	<b>-</b>	<b>20,958</b>	<b>14,127</b>
<b>Transaction with owners</b>								
Issuance of scrip dividend (Note 17)	3,544	1,077	-	-	-	-	(4,621)	-
Cash dividend paid	-	-	-	-	-	-	(10,405)	(10,405)
Transfer to statutory reserve	-	-	5,673	-	-	-	(5,673)	-
<b>Total transaction with owners</b>	<b>3,544</b>	<b>1,077</b>	<b>5,673</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(20,699)</b>	<b>(10,405)</b>
<b>As at 31 December 2022</b>	<b>41,994</b>	<b>82,796</b>	<b>44,421</b>	<b>1,370</b>	<b>(171,630)</b>	<b>194,642</b>	<b>102,490</b>	<b>296,083</b>

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

The Group

Attributable to Owners of the Group

	<u>Share capital</u>	<u>Share premium</u>	<u>Statutory reserve</u>	<u>Exchange reserve</u>	<u>Capital reserve</u>	<u>Distributable reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b>	<b>41,994</b>	<b>82,796</b>	<b>44,421</b>	<b>1,370</b>	<b>(171,630)</b>	<b>194,642</b>	<b>102,490</b>	<b>296,083</b>
<b>Comprehensive income</b>								
Profit for the year	-	-	-	-	-	-	(91,575)	(91,575)
<b>Other comprehensive income</b>								
Currency translation differences	-	-	-	(2,177)	-	-	-	(2,177)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(2,177)</b>	<b>-</b>	<b>-</b>	<b>(91,575)</b>	<b>(93,752)</b>
<b>Transaction with owners</b>								
Cash dividend paid	-	-	-	-	-	-	(4,009)	(4,009)
Transfer to statutory reserve	-	-	2,376	-	-	-	(2,376)	-
<b>Total transaction with owners</b>	<b>-</b>	<b>-</b>	<b>2,376</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(6,385)</b>	<b>(4,009)</b>
<b>As at 31 December 2023</b>	<b>41,994</b>	<b>82,796</b>	<b>46,797</b>	<b>(807)</b>	<b>(171,630)</b>	<b>194,642</b>	<b>4,530</b>	<b>198,322</b>

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

The Company

Attributable to Owners of the Group

	<u>Share capital</u>	<u>Share premium</u>	<u>Exchange reserve</u>	<u>Capital reserve</u>	<u>Distributable reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2022</b>	<b>38,450</b>	<b>81,719</b>	<b>4,845</b>	<b>(475,000)</b>	<b>194,642</b>	<b>49,839</b>	<b>(105,505)</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	248,347	248,347
<b>Other comprehensive income</b>							
Currency translation differences	-	-	(23,636)	-	-	-	(23,636)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>(23,636)</b>	<b>-</b>	<b>-</b>	<b>248,347</b>	<b>224,711</b>
<b>Transaction with owners</b>							
Issuance of scrip dividend (Note 17)	3,544	1,077	-	-	-	(4,621)	-
Cash dividend paid	-	-	-	-	-	(10,405)	(10,405)
<b>Total transaction with owners</b>	<b>3,544</b>	<b>1,077</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(15,026)</b>	<b>(10,405)</b>
<b>As at 31 December 2022</b>	<b>41,994</b>	<b>82,796</b>	<b>(18,791)</b>	<b>(475,000)</b>	<b>194,642</b>	<b>283,160</b>	<b>108,801</b>



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

The Company

Attributable to Owners of the Group

	<u>Share capital</u>	<u>Share premium</u>	<u>Exchange reserve</u>	<u>Capital reserve</u>	<u>Distributable reserve</u>	<u>Retained earnings</u>	<u>Total</u>
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
<b>As at 1 January 2023</b>	<b>41,994</b>	<b>82,796</b>	<b>(18,791)</b>	<b>(475,000)</b>	<b>194,642</b>	<b>283,160</b>	<b>108,801</b>
<b>Comprehensive income</b>							
Profit for the year	-	-	-	-	-	(5,596)	(5,596)
<b>Other comprehensive income</b>							
Currency translation differences	-	-	3,073	-	-	-	3,073
<b>Total comprehensive income for the year</b>	-	-	3,073	-	-	(5,596)	(2,523)
<b>Transaction with owners</b>							
Cash dividend paid	-	-	-	-	-	(4,009)	(4,009)
<b>Total transaction with owners</b>	-	-	-	-	-	(4,009)	(4,009)
<b>As at 31 December 2023</b>	<b>41,994</b>	<b>82,796</b>	<b>(15,718)</b>	<b>(475,000)</b>	<b>194,642</b>	<b>273,555</b>	<b>102,269</b>

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**D. CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**

	The Group	
	12 months ended 31 December 2023	12 months ended 31 December 2022
	RMB'000	RMB'000
<b>Cash flows from operating activities</b>		
Profit before income tax	(92,860)	28,216
Adjustments for:		
Depreciation of property, plant and equipment	42,450	30,331
Depreciation of right-of-use assets	33,236	32,036
Amortisation of goodwill and intangible assets	807	807
Impairment losses recognised on property, plant and equipment, right-of-use assets and intangible assets	25,829	-
Gain on disposal of property, plant and equipment	(4,105)	(6,939)
Finance income	(2,258)	(6,246)
Finance costs	44,372	37,447
Provision for inventories written down	7,021	17,312
Gain on termination of lease	(653)	(58)
<b>Operating profit before working capital changes</b>	<b>53,839</b>	<b>132,906</b>
Changes in working capital:		
Inventories	147,765	(165,102)
Trade and other receivables, prepayments and deposits	59,000	205,110
Trade and bills payable, accruals and other payables	(68,464)	143,646
Pledged bank deposits #	(47,253)	103,742
Contract liabilities	(31,245)	(61,413)
<b>Cash generated from operations</b>	<b>113,642</b>	<b>358,889</b>
Income tax paid	(7,578)	(29,910)
<b>Net cash generated from operating activities</b>	<b>106,064</b>	<b>328,979</b>

# Certain comparative figure has been reclassified to conform to the presentation of the current year and the corresponding ratio was re-calculated accordingly.

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

	<b>The Group</b>	
	<b>12 months ended 31 December 2023 RMB'000</b>	<b>12 months ended 31 December 2022 RMB'000</b>
<b>Cash flows from investing activities</b>		
Interest received	3,794	4,387
Purchases of property, plant and equipment	(82,061)	(98,766)
Proceeds from disposal of property, plant and equipment	26,547	31,737
<b>Net cash used in investing activities</b>	<b>(51,720)</b>	<b>(62,642)</b>
<b>Cash flows from financing activities</b>		
Interest paid	(44,282)	(37,145)
Proceeds from bank and other borrowings	2,159,637	2,516,115
Repayment to bank and other borrowings	(2,208,834)	(2,737,175)
Principal elements of lease payments	(17,979)	(18,060)
Repayment to the immediate holding company	-	(30,000)
Dividend paid	(4,009)	(10,405)
Proceeds from shareholder's loan	29,719	-
<b>Net cash used in financing activities</b>	<b>(85,748)</b>	<b>(316,670)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(31,404)</b>	<b>(50,333)</b>
<b>Cash and cash equivalents</b>		
Beginning of financial year	106,305	153,324
Effect of translation of cash and cash equivalents	59	3,314
<b>End of financial year</b>	<b>74,960</b>	<b>106,305</b>

## **E. NOTES TO THE CONDENSED INTERIM CONSOLIDATED 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 Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, 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.

#### **Basis of preparation**

The condensed interim consolidated 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 consolidated 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 2022.

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 2023 as set out in Note 2.1. The condensed interim consolidated financial statements are presented in Renminbi (“RMB”) and rounded to the nearest thousand (“RMB’000”), unless otherwise stated.

#### **Going concern**

As at 31 December 2023, the Group’s net current liabilities were RMB76.9million due to the net loss incurred in the period and investments made in property, plant and equipment related to the new locations.

Management expects that based on cashflow projections that the Group has sufficient financial resources to meet its financial obligations in the next 12 months. Cash flow from operations is expected to be positive and planned capital investments is expected to be significantly reduced. As such, the Group’s interim consolidated financial statements are prepared on an ongoing basis.

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**2.1 New and amended standards adopted by the Group**

(a) New standards and amendments - applicable 1 January 2023

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

IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies
IAS 8 (Amendments)	Definition of Accounting Estimates
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction

(b) Standards and amendments issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for interim reporting periods on 30 June 2023:

		Effective for annual periods beginning on or after
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IAS 1 (Amendments)	Non-current Liabilities with Covenants	1 January 2024

The Group is in the process of assessing of the impact of new standards and amendments to standards. The Group expects to adopt these new standards, amendments to standards and interpretations when they become effective.

**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.

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**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 there is no customer with whom transactions have exceeded 10% of the Group's revenue.

**5. Revenue**

	6 months ended 31 December			12 months ended 31 December		
	2023	2022	+/(-) Variance	2023	2022	+/(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Sale of automobiles	1,510,868	1,718,717	-12.1%	2,943,682	3,518,168	-16.3%
Provision of after-sales services	256,280	255,366	0.4%	505,752	505,202	0.1%
Agency revenue	3,190	3,183	0.2%	6,090	3,183	91.3%
	<b>1,770,338</b>	<b>1,977,266</b>	<b>-10.5%</b>	<b>3,455,524</b>	<b>4,026,553</b>	<b>-14.2%</b>

During the year ended 31 December 2023 and 31 December 2022, all of the Group's revenue is from contracts with customers and is recognised at a point in time.

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**5. Revenue (continued)**

Breakdown of sales as follows:

	31 December		
	2023	2022	+/(-) Variance
	RMB'000	RMB'000	%
(a) Sales reported for the first half year	1,685,186	2,049,287	-17.8%
(b) Operating profit after tax before deducting non-controlling interests reporting for the first half year	(15,358)	40,421	-138.0%
(c) Sales reported for the second half year	1,770,338	1,977,266	-10.5%
(d) Operating profit after tax before deducting non-controlling interests reporting for the second half year	(76,217)	(19,463)	291.6%

**6. Financial assets and financial liabilities**

	The Group		The Company	
	31 December 2023	31 December 2022	31 December 2023	31 December 2022
	RMB'000	RMB'000	RMB'000	RMB'000
<b>Financial assets</b>				
Trade and other receivables	251,421	239,520	-	-
Deposits	9,264	8,401	-	-
Amounts due from subsidiaries	-	-	204,278	215,778
Pledged bank deposits	252,237	204,984	-	-
Cash and cash equivalents	74,960	106,305	1,675	27,385
	<b>587,882</b>	<b>559,210</b>	<b>205,953</b>	<b>243,163</b>
<b>Financial liabilities</b>				
Trade and bills payable	516,764	611,484	-	-
Accruals and other payables <sup>1</sup>	26,374	22,200	1,143	1,050
Bank and other borrowings	334,257	382,378	-	36,763
Lease liabilities	238,189	240,770	-	-
Amount due to the immediate holding company	73,900	71,790	73,900	71,790
Amounts due to the subsidiaries	-	-	-	24,846
Loan due to shareholder	28,768	-	28,768	-
	<b>1,218,252</b>	<b>1,328,622</b>	<b>103,811</b>	<b>134,449</b>

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		
	2023	2022	+ /(-) Variance	2023	2022	+ /(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Handling and commission fee income	103,342	53,910	91.7%	173,573	88,321	96.5%
Insurance rebate	2,610	3,446	-24.3%	4,952	7,903	-37.3%
Deposits forfeited by customers	2,278	6,512	-65.0%	3,547	6,541	-45.8%
Government grants	113	1,385	-91.8%	199	4,224	-95.3%
Pre-owned cars and fleet sale commissions	4,581	4,744	-3.4%	9,565	9,512	0.6%
Others	5,410	3,553	52.3%	9,833	6,393	53.8%
	<b>118,334</b>	<b>73,550</b>	<b>60.9%</b>	<b>201,669</b>	<b>122,894</b>	<b>64.1%</b>

**8. Other gains, net**

	6 months ended 31 December			12 months ended 31 December		
	2023	2022	+ /(-) Variance	2023	2022	+ /(-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Gain on disposal of property, plant and equipment	2,276	3,551	-35.9%	4,105	6,939	-40.8%
Exchange differences	623	3,445	-81.9%	746	576	29.5%
Gain on early termination of lease	653	-	n.m.	653	58	1025.9%
Others	(3)	(478)	-99.4%	(708)	(955)	-25.9%
	<b>3,549</b>	<b>6,516</b>	<b>-45.5%</b>	<b>4,796</b>	<b>6,618</b>	<b>-27.5%</b>



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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		
	2023	2022	+ / (-)	2023	2022	+ / (-)
	RMB'000	RMB'000	Variance %	RMB'000	RMB'000	Variance %
Cost of sales of motor vehicles and spare parts	1,750,955	1,891,650	-7.4%	3,355,901	3,777,077	-11.2%
Employee benefit expenses (including directors' emoluments)	83,404	81,039	2.9%	157,013	155,399	1.0%
Provision for inventories write-down	8,552	19,541	-56.2%	7,021	20,991	-66.6%
Auditor's remuneration	823	1,432	-42.5%	2,174	3,072	-29.2%
Advertising expenses	11,812	8,257	43.1%	19,747	15,243	29.5%
Fuel and maintenance expenses	3,507	3,594	-2.4%	6,679	6,338	5.4%
Depreciation of property, plant and equipment	21,156	15,919	32.9%	42,450	30,331	40.0%
Depreciation of right-of-use assets	16,533	16,084	2.8%	33,236	32,036	3.7%
Amortisation of intangible assets	404	404	0.0%	807	807	0.0%
Bank charges	1,382	1,225	12.8%	2,587	2,007	28.9%
Entertainment	536	544	-1.5%	919	976	-5.8%
Legal and professional fees	2,990	2,827	5.8%	5,419	4,566	18.7%
IT and security fees	4,280	3,603	18.8%	8,535	7,174	19.0%
Office, communication and utilities expenses	8,625	9,127	-5.5%	15,736	14,113	11.5%
Other tax expenses	7,449	7,476	-0.4%	17,154	17,638	-2.7%
Short term lease expenses	2,687	2,055	30.8%	4,810	4,698	2.4%
Travelling expenses	1,926	1,038	85.5%	3,497	2,513	39.2%
Tax recapture	1,341	-	n.m.	1,341	-	n.m.
Others	161	1,538	-89.5%	1,880	1,669	12.6%
	<b>1,928,523</b>	<b>2,067,353</b>	<b>-6.7%</b>	<b>3,686,906</b>	<b>4,096,648</b>	<b>-10.0%</b>
Represented by:						
Cost of sales	1,775,791	1,927,248	-7.9%	3,394,811	3,829,429	-11.3%
Selling expenses	71,695	63,055	13.7%	140,178	122,145	14.8%
Administrative expenses	81,037	77,050	5.2%	151,917	145,074	4.7%
	<b>1,928,523</b>	<b>2,067,353</b>	<b>-6.7%</b>	<b>3,686,906</b>	<b>4,096,648</b>	<b>-10.0%</b>

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**10. Finance costs, net**

	6 months ended 31 December			12 months ended 31 December		
	2023	2022	+ / (-) Variance	2023	2022	+ / (-) Variance
	RMB'000	RMB'000	%	RMB'000	RMB'000	%
Finance income						
-Bank interest income	720	1,130	-36.3%	2,258	6,246	-63.8%
	720	1,130	-36.3%	2,258	6,246	-63.8%
Finance costs						
-Interest expense on bills payable	(1,898)	(1,934)	-1.9%	(5,687)	(3,610)	57.5%
-Interest expense on bank and other borrowings	(10,367)	(9,459)	9.6%	(21,609)	(17,227)	25.4%
-Interest expense on lease liabilities	(8,410)	(8,277)	1.6%	(17,076)	(16,610)	2.8%
	(20,675)	(19,670)	5.1%	(44,372)	(37,447)	18.5%
Finance costs, net	<b>(19,955)</b>	<b>(18,540)</b>	<b>7.6%</b>	<b>(42,114)</b>	<b>(31,201)</b>	<b>35.0%</b>

**11. Related party transactions/balances**

(a) Transaction with related party during the reporting periods:

	Note	The Group		The Company	
		2023	2022	2023	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Interest expense on loan due to shareholder	(ii)	(370)	-	(370)	-

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**11. Related party transactions/balances (continued)**

(b) Balances with the immediate holding company, fellow subsidiaries and other related parties:

	Note	The Group		The Company	
		2023	2022	2023	2022
		RMB'000	RMB'000	RMB'000	RMB'000
Amount due to the immediate holding company	(i)	(73,900)	(71,790)	(73,900)	(71,790)
Loan due to shareholder	(ii)	(28,768)	-	(28,768)	-
Amounts due to subsidiaries	(iii)	-	-	-	(24,846)
Amounts due from subsidiaries	(iii)	-	-	204,278	215,778

- (i) The balance with the immediate holding company was unsecured, interest free and due on 30 June 2025.
- (ii) The balance with the shareholder was unsecured, interest of 6.0% and due on demand.
- (iii) The balances with subsidiaries were unsecured, interest free, and receivable/repayable on demand, with their carrying values approximating their fair values.

**12. Income tax (credit) 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	
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current income tax:				
- PRC enterprise income tax ("EIT")	(1,939)	(6,895)	1,855	10,299
- Withholding tax	1,129	1,525	1,154	1,525
	(810)	(5,370)	3,009	11,824
Under-provision of EIT in prior year	5,849	-	5,849	-
Deferred income tax credit	(10,908)	(3,728)	(10,143)	(4,566)
<b>Income tax (credit) expense</b>	<b>(5,869)</b>	<b>(9,098)</b>	<b>(1,285)</b>	<b>7,258</b>

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**13. Net asset value**

	The Group		The Company	
	As at 31	As at 31	As at 31	As at 31
	December 2023	December 2022	December 2023	December 2022
Net Asset Value per share (cents)	0.34	0.50	0.17	0.18
Net Asset Value (RMB'000)	198,322	296,083	102,269	108,801
Number of ordinary shares issued	589,615,183	589,615,183	589,615,183	589,615,183

**14. Intangible assets**

	Goodwill	Dealership rights	Total
	RMB'000	RMB'000	RMB'000
<b>At 1 January 2022</b>			
Cost	52,922	32,443	85,365
Accumulated amortisation and impairment	-	(5,649)	(5,649)
Net book amount	52,922	26,794	79,716
<b>As at 31 December 2022</b>			
Opening net book amount	52,922	26,794	79,716
Amortisation	-	(807)	(807)
Closing net book amount	52,922	25,987	78,909
<b>At 31 December 2022 and 1 January 2023</b>			
Cost	52,922	32,443	85,365
Accumulated amortisation and impairment	-	(6,456)	(6,456)
Net book amount	52,922	25,987	78,909
<b>As at 31 December 2023</b>			
Opening net book amount	52,922	25,987	78,909
Amortisation	-	(807)	(807)
Impairment	(4,172)	(16,107)	(20,279)
Closing net book amount	48,750	9,073	57,823
<b>As at 31 December 2023</b>			
Cost	52,922	32,443	85,365
Accumulated amortisation and impairment	(4,172)	(23,370)	(27,542)
Net book amount	48,750	9,073	57,823

#### **14. Intangible assets (Continued)**

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

During the year ended 31 December 2023, the Directors has approved business plan to cease the operation of certain supercar division in 2024 and then consequently determined impairment of goodwill and dealership rights directly related to supercar dealership business amounting to RMB4,172,000 and RMB16,105,000 respectively and recognised in profit or loss.

#### **15. Property, plant and equipment**

During the year ended 31 December 2023, the Group acquired assets amounting to RMB82,061,000 (2022: RMB98,766,000) and disposed of assets amounting to RMB22,442,000 (2022: RMB24,788,000).

As at 31 December 2023, property, plant and equipment of RMB44,291,000 (2022: RMB48,008,000) was used as security to certain bank borrowings of the Group (Note 16).

##### Impairment assessment

As a result of significant decrease in revenue and incurring operating losses for the supercar division cash generating unit (the "CGU") during the year ended 31 December 2023, the Group concluded that impairment indicators existed on this CGU and performed an impairment assessment on related property, plant and equipment, right-of-use assets and intangible assets (including goodwill).

When determining the value-in-use of the CGU, the Directors have taken into consideration of i) the historical performance metrics and sales and purchases targets negotiated with manufacturers of these CGU and industry indicators presented as at 31 December 2023 and ii) the approved business plan to cease the operation of certain supercar division in 2024, for developing cash flow projections and concluded that certain CGU may not be able to generate positive cash flow in the foreseeable future.

For the fair value less costs of disposal of the individual asset within the CGU, the Directors have considered relevant publicly available information, the alternative use of the assets, the remaining lease term, future lease payments and potential penalties charged by the lessor upon the earlier termination of leases associated with certain CGU.

Based on the result of the assessment, impairment losses of RMB1,792,000, RMB3,760,000 and RMB20,277,000 (2022: Nil) have been recognised against the carrying amount of property, plant and equipment, right-of-use assets and intangible assets (including goodwill) of these CGU respectively during the year ended 31 December 2023.

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**16. Bank and other borrowings**

	The Group		The Company	
	31 December	31 December	31 December	31 December
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Bank borrowings – secured	170,000	288,758	-	36,763
Borrowings from manufacturers – secured	96,009	65,599	-	-
Other borrowings – secured	59,010	28,021	-	-
	<u>325,019</u>	<u>382,378</u>	<u>-</u>	<u>36,763</u>
Non-current:				
Borrowings from manufacturers – secured	1,978	-	-	-
Other borrowings – secured	7,260	-	-	-
	<u>9,238</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total bank and other borrowings</b>	<b><u>334,257</u></b>	<b><u>382,378</u></b>	<b><u>-</u></b>	<b><u>36,763</u></b>

As at 31 December 2023 and 2022, 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
	2023	2022	2023	2022
	RMB'000	RMB'000	RMB'000	RMB'000
Right-of-use assets	105,787	111,079	-	-
Property, plant and equipment	44,291	48,008	-	-
	<u>150,078</u>	<u>159,087</u>	<u>-</u>	<u>-</u>

As at 31 December 2023 and 2022, borrowings from manufacturers are secured by floating charges applied on the automobiles held as inventories of the Group.

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**17. Share capital**

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
<b>As at 1 January 2022</b>	<b>584,323,950</b>	<b>38,450</b>	<b>81,719</b>	<b>120,169</b>
Issuance of scrip dividend (Note (a))	5,291,233	3,544	1,077	4,621
<b>As at 31 December 2022, 1 January 2023 and 31 December 2023</b>	<b>589,615,183</b>	<b>41,994</b>	<b>82,796</b>	<b>124,790</b>

Notes:

- a) On 29 June 2022, the Company issued 5,291,233 new ordinary shares at an issue price of S\$0.18 per share to shareholders who have elected to participate in the Scrip Dividend Scheme.

**18. Subsequent events**

The Company merged all 6 BVI subsidiaries into one surviving company, namely TCA Shenzhen (BVI) Limited after the reporting period. One of the dormant subsidiaries, namely Focus Win (Guangzhou) Limited, was deregistered on 2 February 2024. Apart from these, there are no material subsequent events undertaken by the Company or the subsidiaries of the Group after 31 December 2023.

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



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**1. Review**

The condensed consolidated statement of financial position of Trans-China Automotive Holdings Limited (the “Company” or “TCA”) and its subsidiaries (the “Group”) as at 31 December 2023 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

Our total revenue decreased by 14.2% or approximately RMB571.1 million from RMB4,026.6 million in financial year ended 31 December 2022 (“FY2022”) to RMB3,455.5 million in financial year ended 31 December 2023 (“FY2023”). Automobile sales declined while aftersales services remained stable.

Automobile sales

Our automobile sales declined by 16.3% or RMB574.6 million from RMB3,518.2 million in FY2022 to RMB2,943.6 million in FY2023. Revenue declined due to lower average sales prices and lower volume. In FY2023, the average sales price was RMB340,000 and units sold were 8,667 units while in FY2022, the average sales price was RMB355,000 and units sold were 9,904 units.

We sell our cars based on sales targets negotiated with our manufacturing partners in the fourth quarter of the preceding year. When the sales environment deteriorates drastically from when the sales targets are set, we may have to sell at our cars at lower profit or a loss to meet these sales targets. Failure to meet targets results in reduction of manufacturer rebates.

At the time the sales target for FY2023 was set, the three-year long COVID-19 controls were being relaxed and there was a general expectation that the overall economy would improve. However, the economy faltered and for much of FY2023, the economy was challenged by a deflating real estate market, lackluster export growth and negative sentiment related to geopolitics. Furthermore, the Chinese car market is currently in a fiercely competitive phase as the transition from internal combustion engine to electric engine has brought on many new entrants each fighting for market share (refer to Section 5 for a commentary of significant trends and competitive conditions for full discussion).

As a result of these factors, we retailed the automobiles at a smaller or negative margin in FY2023. This was to meet sales target (which generate volume rebates) and also provides opportunities for services fees, which is recorded in our Other Income. Starting in the second quarter, we worked with our Original Equipment Manufacturer (“OEM”) partners to reduce the sales targets to alleviate gross margin pressure. Consequently, our sales volume for FY2023 declined compared with the FY2022. As a result of the soft economy, more of our automobile sales comprised of lower priced cars leading to lower average sales price in FY2023 compared with the year before.

Aftersales services revenue

Aftersales services revenue was unchanged at RMB505.8 million for FY2023 compared with RMB505.2 million the year before. Our aftersales services revenue recovered in the second half of the year after being slightly lower in the first half of FY2023 due lower car usage caused by the high COVID19 infections rates that followed the relaxation of pandemic controls.

Agency revenue

Agency revenue increased by 91.3% or RMB2.9 million to RMB6.1 million in FY2023 compared with RMB3.2 million as we opened two additional showrooms that operate under the agency dealership agency arrangement.

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Cost of Sales & Gross Profit

Cost of sales of automobile decreased by 12.9% or RMB452.6 million from RMB3,518.9 million in FY2022 to RMB3,066.3 million as a result of fewer units sold. Gross loss on automobile sales were RMB122.7 million in FY2023 compared with a gross loss of RMB0.7 million the year before. As a result of challenging market conditions, the Company retailed the automobiles below cost for much of FY2023. We offset some of the gross loss on automobile sales through services charges in recorded in our Other Income.

Cost of provision of aftersales services increased by 5.8% or RMB17.9 million from RMB310.6 million in FY2022 to RMB328.5 million in FY2023. The increase came as a result of increases in the costs of parts and higher proportion of service revenue from low valued services such as basic maintenance. As a result, gross profit dropped to RMB177.3 million in FY2023 from RMB194.6 million in FY2022 and gross margins on aftersales were 35.1% and 38.5% in the respective periods.

Other Income

Other income increased by 64.1% or RMB78.8 million from RMB122.9 million in FY2022 to RMB201.7 million primarily as a result of higher commissions from financial institutions for referring car financing customers. We had lower customer forfeited deposits and lower insurance rebates in FY2023 compared with FY2022.

Other Gains

Other gains, which are non-operating in nature, decreased by 27.5% or RMB1.8 million from RMB6.6 million in F2022 to RMB4.8 million in FY2023 primarily as a result of lower gains on disposal of fixed assets.

Selling Expenses

Selling expenses increased by 14.8% or RMB18.1 million from RMB122.1 million in FY2022 to RMB140.2 million in FY2023 as a result of increases in advertising expenses and depreciation expenses. Additional advertising costs were incurred to attract store traffic and the additional outlets added to depreciation costs. Other same store selling expenses which vary with business volume such as staff commissions decreased.

Administrative Expenses

Administrative expenses increased by 4.7% or RMB6.8 million from RMB145.1 million in FY2022 to RMB151.9 million in FY2023 primarily due to higher travelling expenses as business meeting have resumed in FY2023, higher staffing and depreciation costs due to additional locations.

Impairment Charge

As a result of continued losses in the supercar business unit and planned rationalization of stores, related assets have been impaired. As such a non-cash charge of RMB25.8 million in impairment expenses was recorded in FY2023.

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Finance Expenses

Net finance expenses increased by 35.0% or RMB10.9 million from RMB31.2 million in FY2022 to RMB42.1 million in FY2023. The Company had lower net cash balances in FY2023 than compared with FY2022 and as a result the finance income decreased by 63.8% or RMB3.9 million from RMB6.2 million in FY2022 to RMB2.3 million in FY2023.

Finance costs increased by 31.0% or RMB6.5 million to RMB27.3 million in FY2023 from RMB20.8 million in FY2022 as a result of higher usage of bank financing for working capital needs as we had lower cash levels during FY2023 compared with FY2022 to buy inventory fully.

Finance costs related to IFRS 16 increased by 2.8% or RMB466,000 as a result of new leases signed for the Company's new locations.

Net Loss

As a result of the foregoing, Loss before Income Taxes was RMB92.9 million compared with a Pretax Profit of RMB28.2 million in the preceding year. Net Loss for the year was RMB91.6 million in FY2023 compared with a Net Profit of RMB21.0 million in FY2022.

**Condensed Interim Statement of Financial Position**

Current Assets

The Group's current assets decreased by RMB199.4 million during the financial year to RMB989.7 million as at 31 December 2023, largely due to:

- a. Decrease in inventory of RMB154.8 million because the Company has lower sales target and as a result of higher sales in December 2023 compared with December 2022 when customer traffic was affected by low customer traffic due to high COVID-19 infections following relaxation of pandemic controls
- b. Decrease in prepayments and deposits of RMB72.4 million as there is less inventory in transit at year-end 2023 compared with 31 December 2022; offset by:
- c. Increase in pledged deposits of RMB47.3 million.

Non-Current Assets

The Group's non-current assets decreased by RMB24.9 million during the financial year to RMB602.1 million as at 31 December 2023, largely due to:

- a. Decrease in intangible assets and goodwill of RMB21.1 million as a result of impairment write-down to the assets related to supercar division
- b. Decrease in rights of use assets of RMB20.9 million as a result of depreciation and amortization and the impairment write-down to the assets related to supercar division; offset by:
- c. Increases in property, plant, and equipment of RMB15.4 million as a result of leasehold improvements related to our Guangzhou BMW store, and Genesis showrooms in Changsha and Foshan offset by write-offs related to our supercar showrooms.

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Current Liabilities

The Group's current liabilities decreased by RMB120.6 million during the financial year to RMB1,066.6 million as at 31 December 2023, largely due to:

- a. Lower trade and bills payable of RMB94.7 million as a result of lower financing required as inventory level at year-end was lower
- b. Lower contract liabilities of RMB31.2 million as a result of fewer outstanding orders at year-end compared with prior year. Customer deliveries were delayed in November and December of FY2022 because COVID-19 related business interruptions
- c. Lower bank and other borrowings of RMB57.4 million dues to repayment of bank lines as part of renewal process; offset by:
- d. Higher accruals and other payables of RMB26.3 million of expenses due after period end. We also recorded capital expenditure subsidy from an OEM partner which are paid over a period of 5 years
- e. Short term shareholder loan of RMB28.8 million to provide additional liquidity as bank loans are renewed
- f. Additional current lease liabilities of RMB6.3 million due to more shops.

Non-current Liabilities

The Group's non-current liabilities decreased by RMB6.0 million during the financial year to RMB326.9 million as at 31 December 2023, largely due to:

- a. Increase of RMB9.2 million in non-current bank and other borrowings related to the non-current portion of a two-year term credit facility; offset by:
- b. Decrease of lease liabilities of RMB8.9 million related to reclassification to current liabilities and the termination of leases related with the supercar division
- c. Decrease of deferred income tax liabilities of RMB8.4million mainly due to the net loss position resulted in a reverse of the unremitted earnings and the impairment write-down of dealership rights related to supercar division resulted in a reverse of accelerated amortization.

Shareholder's equity

The Group's shareholders' equity decreased by RMB97.8 million from RMB296.1 million to RMB198.3 million at 31 December 2023 as a result of net loss for the year and prior year dividends paid.

**Condensed Interim Statement of Cash Flows**

The Group generated net cash from operating activities before movement in working capital of RMB53.8 million in FY2023 compared with RMB136.6 million in FY2022 due to lower revenue and net profit.

Net cash generated from operating activities was RMB106.1 million, as a result of :

- a. Cash generated before changes in working capital were RMB53.8 million in FY2023 compared with RMB136.6 million primarily as a result of net loss incurred in FY2023 offset by non-cash charges like depreciation & amortization and impairment losses recognized
- b. Lower inventory balance of RMB147.8 million and contract liabilities of RMB31.2 million as a result lower sales target and higher number of deliveries near the end of FY2023 compared to the period year
- c. Trade and other receivables, prepayments and deposits decreased by RMB59.0 million primarily as a result of lower deposits paid to manufacturers for new automobile inventory and return of deposit as collateral for certain financing lines; offset by:
- d. Lower trade and bills payables, accruals and other payables of RMB68.5 million primarily as a result of lower bills payable balance due to lower inventory levels.
- e. Increase in payment of pledged deposits of RMB47.3 million.

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Net cash used in investing activities were RMB51.7 million, comprised of:

- a. Purchases of property, plant and equipment of RMB82.1 million, primarily motor vehicles to be used as demonstration vehicles, leasehold improvements, furniture and equipment associated with new locations projects; offset by:
- b. Proceeds from disposal of property, plant and equipment of RMB26.5 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 RMB3.8 million.

Net cash used in financing activities were RMB85.7 million, primarily as a result of:

- a. Interest paid on bank borrowings of RMB44.3 million.
- b. Payment of lease payments of RMB18.0 million.
- c. Repayment of loans bank and other borrowings of RMB49.2 million.
- d. Payment of dividend of RMB4.0 million; offset by:
- e. Receipt of a shareholder's loans of RMB29.7 million.

As a result of the foregoing, net decrease in cash and cash equivalents was RMB31.4 million from RMB106.3 million at 31 December 2022 to RMB75.0 million at 31 December 2023.

**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**

The Company announced profit guidance on 19 January 2024. The financial results are in line with the explanation stated in the profit guidance announcement.

**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**

The overall Chinese economy grew by 5.2% in 2023<sup>1</sup>. Despite the headline growth, consumer sentiment is plagued by deflating property market, weak exports growth and continued geopolitical tensions with its major trading partners. The Chinese car market was a bright spot in a weak economy which saw volume grow by 5.6% to 21.7 million units, led by growth in new energy vehicles<sup>2</sup>.

China is the leader in the fast-growing new energy vehicle industry. The Chinese New Energy Vehicle (“NEV”) supply chain, from parts suppliers and manufacturing to software, is well developed and as a result, the Chinese NEV manufacturers have been at the forefront of NEV transition. These companies have introduced numerous new vehicles in the last few years and have upended the Chinese car market. According to the China Passenger Car Association (CPCA) NEVs represented 36.2% of total car sales in 2023 up 8.1% from the year before. In some cities like Shenzhen NEV sales represents over 50% of all new car sales<sup>2</sup>. These vehicles are mostly targeted at the mid-market customer with price range in RMB100,000 -200,000. As such, they have mainly taken market share away from traditional midmarket brands that have been slow to innovate. However, combined with a weak economy, this has also affected luxury brand sales like BMW and Mercedes which recorded below market growth in 2023.

The industry is currently in an intensely competitive phase. In early 2023, leading EV brands began to aggressively discount their cars which ignited a price war. The result was that most of brands had match price cuts to attract customers. This has affected all market participants including car dealership groups. All of the large Hong Kong listed dealer groups reported first half 2023 profit declines primarily as a result of new car gross margin erosion. Meanwhile, some EV brands that have not reached sustainable volume have shut down. The government is also looking to introduce measures to reduce capacity in the industry. However, despite these developments, it is unclear when the difficult competitive conditions will subside.

We believe the challenging market conditions will persist in the near future. In this environment, we are cautious with large investments and seek areas to reduce cash costs. We are in the process of rationalizing our supercar locations to reduce losses and working capital requirements. We also strive to keep our inventory levels lean to preempt excessive discounting.

Since our listing in November 2021, TCA has completed three Genesis dealerships and a BMW Service Centre. We also renovated our Guangzhou BMW store to provide our customer with a new and fresh shopping experience. Given the environment we will be cautious and selective in our next phase of expansion. Our Chongqing store will be renovated in FY2024 and we remain on the lookout for potential uses for our vacant land in Chongqing. We believe our dealership portfolio of BMW, McLaren and Genesis which are located in large and affluent cities positions us well when the competitive landscape stabilizes.

Footnotes

1. <https://www.reuters.com/world/china/chinas-q4-gdp-grows-52-yy-below-market-forecast-2024-01-17/>
2. <https://www.steelorbis.com/steel-news/latest-news/cpca-market-share-of-nevs-in-china-reaches-357-in-2023-up-81-percentage-points-1322577.htm>

**6. Dividend information**

**(a) Current financial period reported on**

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

None

**(b) Previous corresponding period**

Yes, the Board recommended a final tax-exempt dividend of RMB0.0068 per ordinary share for FY2022

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

None

**(c) Date payable**

Not applicable.

**(d) Book closure date**

Not applicable.

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

The Company has deficit working capital and recorded a net loss in FY2023. In order to preserve cash and working capital liquidity, a dividend is not recommended.

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**7. Interested person transactions**

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

There were no IPTs greater than S\$100,000 or more in financial year ended December 31, 2023.

**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, total of S\$11.3 million was utilized for payment to contractors and suppliers relating to the construction of the Shenzhen BMW service center, Genesis Guangzhou showroom and Genesis Foshan showroom as well payment of BMW spare parts inventory. The Group has the balance of S\$5.0 million of the unutilized IPO proceeds allocated to increase the number of dealerships, showrooms and service centres in cities where we have existing operations.

	<b>Allocation of net proceeds</b>	<b>Amount utilized as at the date of this announcement</b>	<b>Balance as at the date of this announcement</b>
	<b>S\$'000</b>	<b>S\$'000</b>	<b>S\$'000</b>
Increasing the number of our dealerships, showrooms and service centres in cities where we have existing operations, namely in Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan	11,000	6,000	5,000
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	-
General working capital purposes	2,311	2,311	-
<b>Total</b>	<b>16,311</b>	<b>11,311</b>	<b>5,000</b>

**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 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.



**11. Disclosures required pursuant to Rule 706A of the Catalist Rules**

The Company merged all 6 BVI subsidiaries into one surviving company, namely TCA Shenzhen (BVI) Limited on 5 January 2024, for the purpose of simplifying the companies' ownership structure and to save professional fees. One of the dormant subsidiaries, namely Focus Win (Guangzhou) Limited, was deregistered on 2 February 2024.

**BY ORDER OF THE BOARD**

Francis Tjia  
Executive Chairman and Chief Executive Officer  
27 February 2024