NAVIGATING FUTURE GROWTH

Trans-China Automotive Holdings Limited

Annual Report 2022

TRANS CHINA AUTOMOTIVE

耀骅汽车

NAVIGATING
FUTURE GROWTH

CORPORATE PROFILE

Headquartered in Hong Kong and Shenzhen, the People's Republic of China ("**PRC**"), Trans-China Automotive Holdings Limited ("**TCA**" or the "**Company**", and together with its subsidiaries, the "**Group**") is a leading automobile dealership group focused on the distribution of premium and ultra-premium automobiles under the BMW, McLaren and Genesis brands.

TCA's dealerships are located in key cities in the PRC, namely Foshan, Shenzhen and Guangzhou, which are part of the Greater Bay Area ("**GBA**"), as well as Chongqing, Changsha and Wuhan. The GBA leads the PRC in terms of economic development, and owing to its wealth per capita, has a higher propensity for consumption than other regions of the PRC.

Together with the sale of automobiles, the Group provides after-sales services which include maintenance and repair services, and sale of automobile parts and accessories. As an ancillary business, the Group also provides automobile agency services which include related automobile registration and administration for financing and insurance services in the PRC.

This annual report has been prepared by the Company and its content have been reviewed by the Company's Sponsor, RHT Capital Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Limited ("**SGX-ST**").

This annual report has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the content of this report, including the correctness of any of the statements or opinions made or report contained in this annual report.

The contact person for the Sponsor is Mr Leong Weng Tuck Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com

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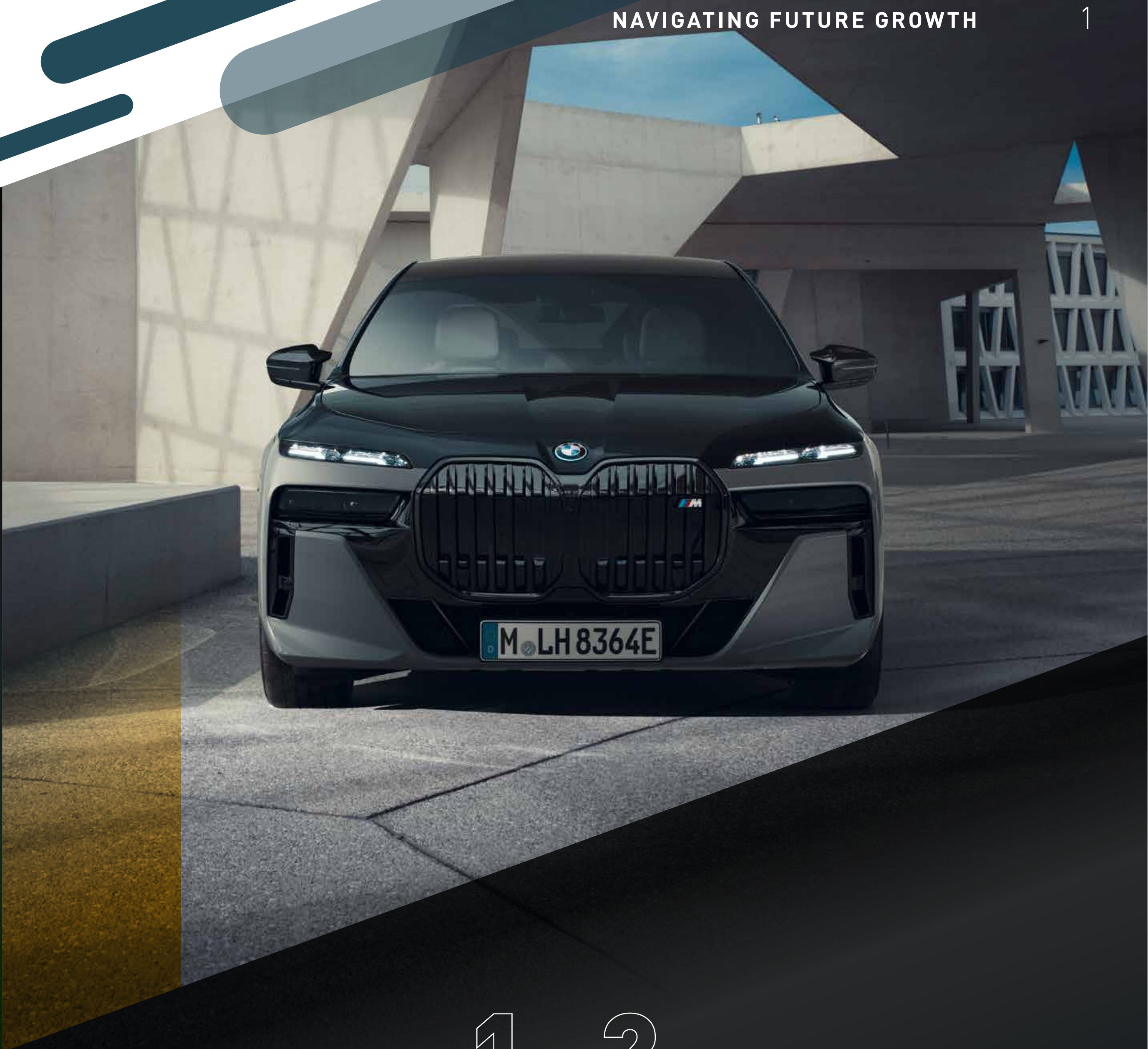
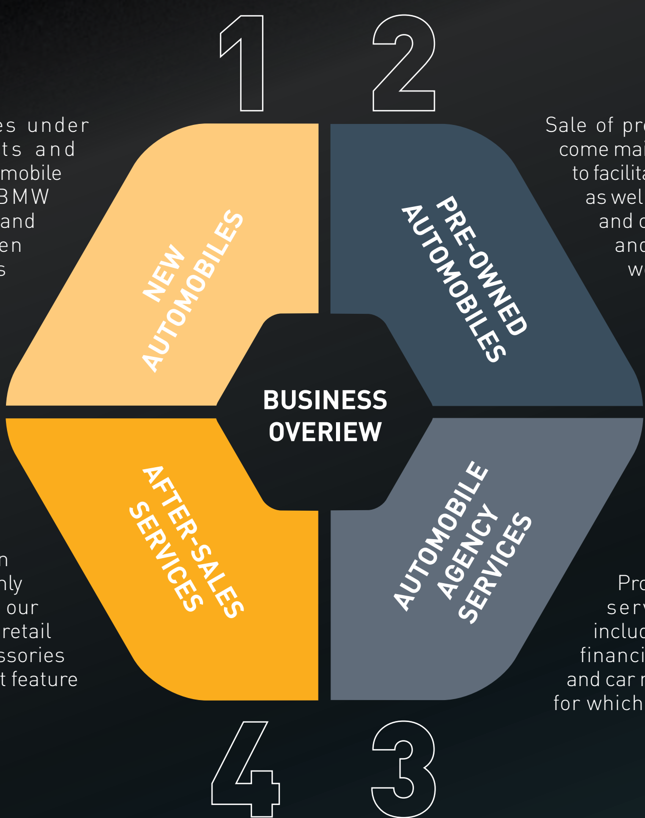




Sale of new automobiles under dealership agreements and arrangements with our automobile OEMs[1] which are the BMW Distributors (BMW China and BMW Brilliance), McLaren Distributor and Genesis Distributor. Our BMW dealership distributes both internationally and locally manufactured BMW models and is a key revenue driver to the Group.

Sale of pre-owned automobiles that come mainly from customer trade-ins to facilitate sales of new automobiles, as well as from auction companies and other suppliers of used cars and are not limited to brands we carry.

Provision of after-sales services include repairs and scheduled servicing, maintenance and inspection of automobiles that are mainly purchased from us or from our automobile OEMs. We also retail automobile parts and accessories as well as merchandise that feature the brands we carry.

Provision of automobile agency services to our customers including referrals for automobile financing, referrals for insurance and car registraiton agency services, for which we receive referral fees.

1 Manufacturer and distributor of automobiles.

AT A GLANCE

4
Fully integrated dealerships with showrooms and service centres

1
Service Centre

4
Showrooms

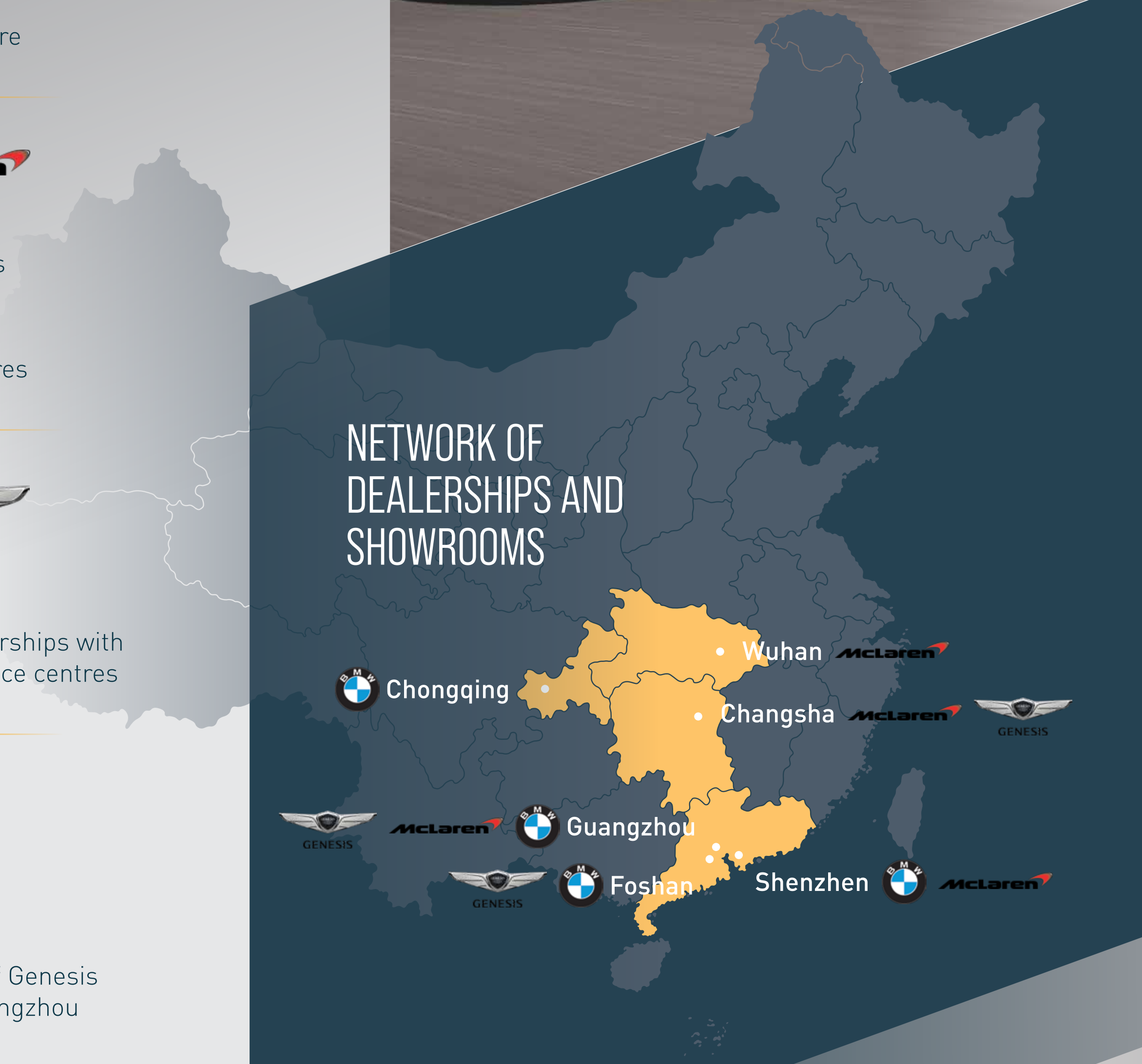
4
Service Centres

GENESIS

3
Fully integrated dealerships with showrooms and service centres

August
- Grand opening of Genesis showroom in Guangzhou

December
- Completed the construction of Genesis showroom in Changsha
- Commence operations of BMW service centre in Pingshan, Shenzhen
- Appointment and commence construction of Genesis showroom in Foshan



KEY MILESTONES

2009
- Incorporation of TCA International Limited
- Acquisition of Foshan BMW Dealership

2010
- Commenced operations of Shenzhen BMW Dealership

2013
- Commenced operations of Guangzhou BMW Dealership

2014
- Commenced operations of Chongqing BMW Dealership and Shenzhen McLaren

2015
- Reorganisation exercise and incorporated Trans-China Automotive Holdings Limited (the "**Company**")
- Commenced operations of Changsha McLaren

2017
- Shenzhen McLaren awarded China Dealer of the Year by McLaren
- The Group is awarded the 2017 BMW Dealer Excellence Award by BMW

2018
- Commenced operations of Guangzhou McLaren and Wuhan McLaren Showroom
- The Group is awarded the 2018 BMW Dealer Excellence Award by BMW

2020
- Annual automobiles sales exceeds 10,000 units

2021
- Listed on Catalist board of SGX-ST

2022
- Grand opening of Genesis showroom in Guangzhou
- Completed the construction of Genesis showroom in Changsha
- Commence operations of BMW service centre in Pingshan, Shenzhen
- Appointment and commence construction of Genesis showroom in Foshan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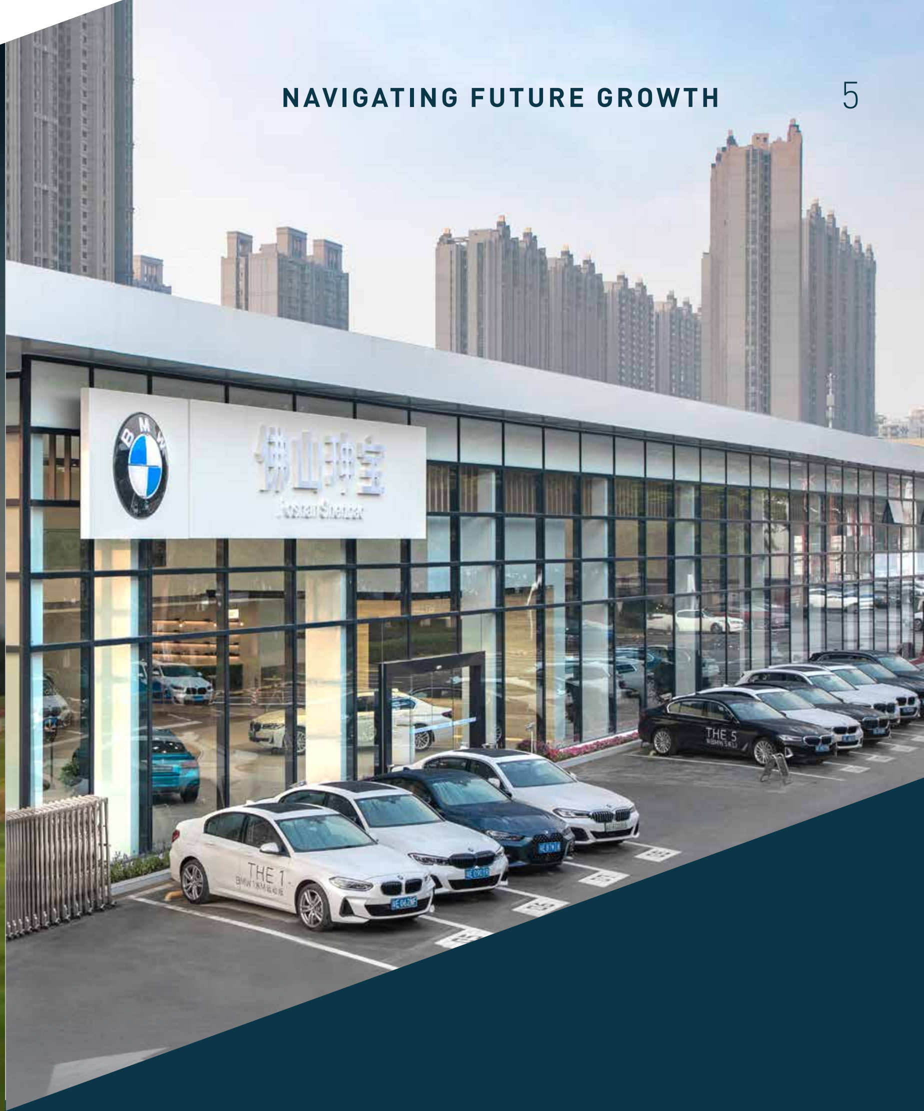
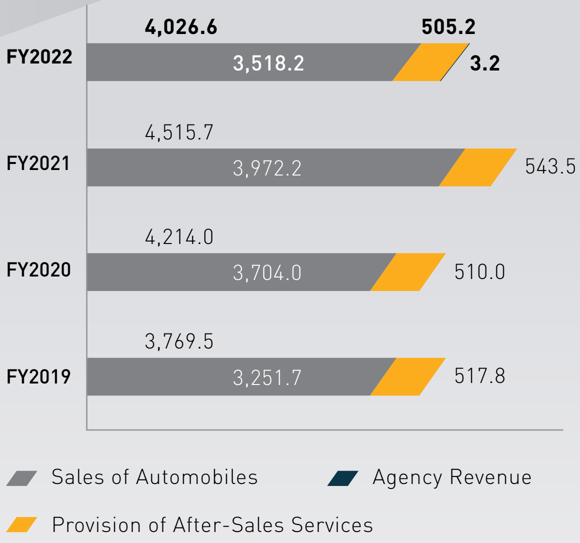


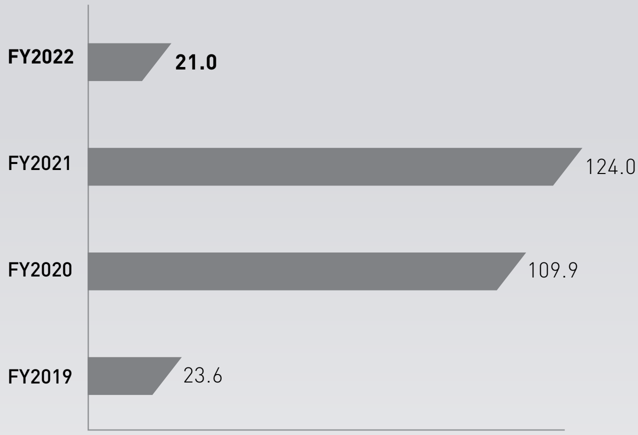
BUILDING ON THE STRENGTH **OF OUR BRANDS**

Financial Highlights

REVENUE (RMB'million)



NET PROFIT (RMB'million)



GROSS PROFIT / (LOSS) (RMB'million)

	FY2019	FY2020	FY2021	**FY2022**
Sales of Automobiles	69.9	107.5	153.5	**(0.7)**
Provision of After-Sales Services	215.4	208.6	218.1	**194.6**
Agency Revenue	-	-	-	**3.2**
Total	285.3	316.1	371.6	**197.1**

GROSS PROFIT MARGIN (%)

	FY2019	FY2020	FY2021	**FY2022**
Sales of Automobiles	2.1	2.9	3.9	**0.0**
Provision of After-Sales Services	41.6	40.9	40.1	**38.5**
Overall	7.6	7.5	8.2	**4.9**

BALANCE SHEET (RMB'million)

	As at 31 December 2021	**As at 31 December 2022**
Total Assets	1,982.6	**1,816.2**
Total Liabilities	1,690.2	**1,520.1**
Total Equity	292.4	**296.1**
NAV per Share (RMB)	0.57	**0.50**

SHARE PRICE PERFORMANCE[1]

	As at 31 December 2022
IPO offer price (November 2021)	S$0.230
As at last trading day of the year (30 December 2022)	S$0.180
Highest	S$0.270
Lowest	S$0.180
Trading Volume (million shares)	51.493
Number of shares in issue	589,615,183
Market capitalisation (S$'million)	104.361

1 Source: Factset

Letter to Shareholders

"I am optimistic the worst is behind us - the lifting of virtually all COVID-related restrictions at the end of 2022 is a very positive signal for the economy in 2023. Since early this year, our Group has been aggressively getting back to doing what we do best - selling cars and providing after-sales services."

Francis Tjia
Executive Chairman and
Chief Executive Officer

DEAR SHAREHOLDERS

It is that time of the year again when I bring you our report card for the financial year ended 31 December 2022 ("**FY2022**").

With all the challenges we faced in our operating environment, we at TCA are happy to put FY2022 behind us!

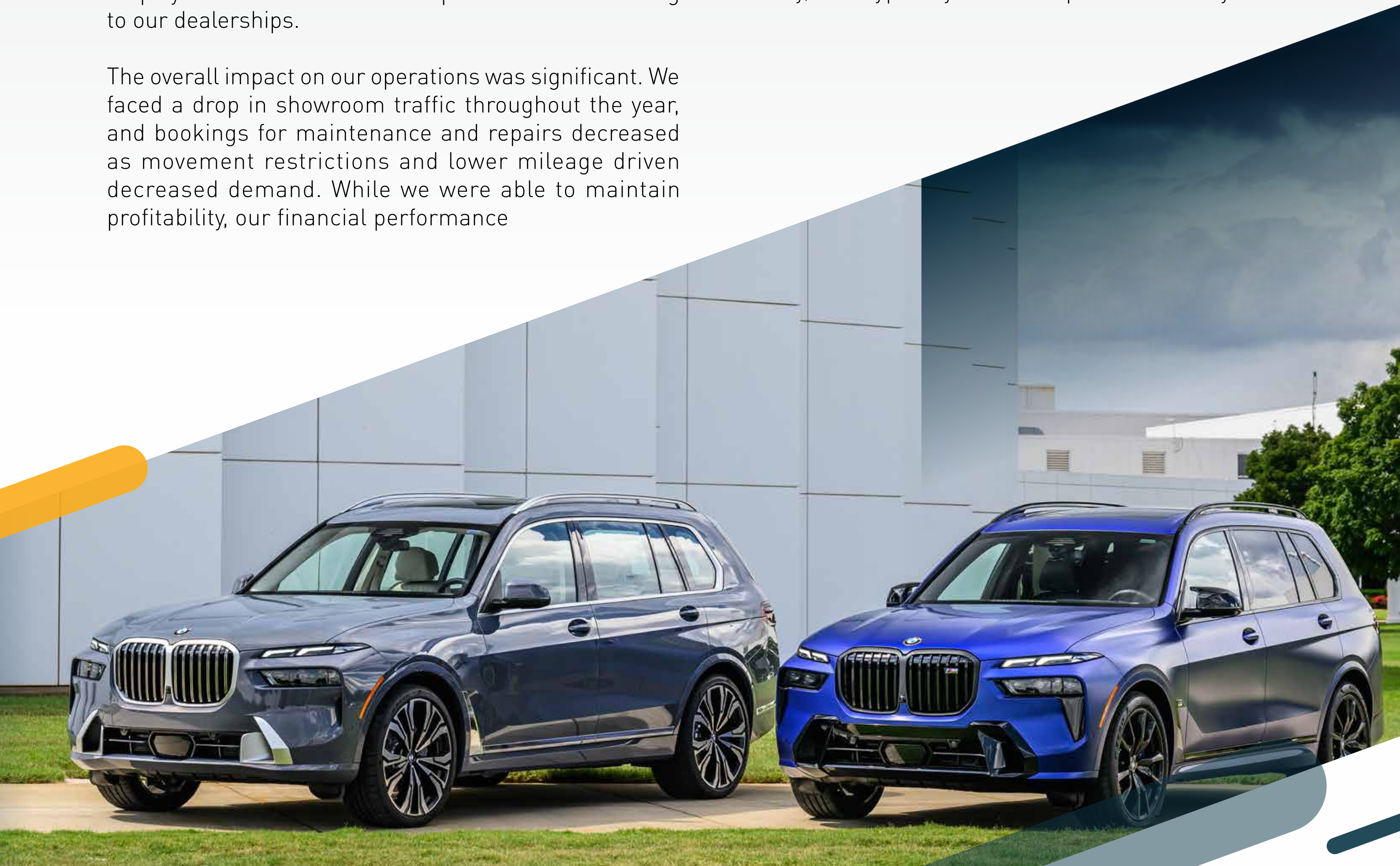
It is no secret that FY2022 presented a complicated and difficult operating environment for companies in China. The emergence of the highly transmissible omicron COVID-19 variant in late 2021 meant that China's previous 'zero-COVID' policies, which had worked so well in 2020 and 2021, became unsustainable in 2022. Whereas much of the world had started to learn to live with COVID-19, authorities in China tried to contain the spread of this highly transmissible variant during most of 2022. This led to widespread city lockdowns throughout much of the year, resulting in significant disruptions to business operations and naturally, a collapse in consumer confidence.

TCA's operations are located in some cities that saw surges in infections over the course of the year. These included Wuhan, Shenzhen, Chongqing and Guangzhou, where certain districts were locked down to reduce the spread, and our stores were closed down from time to time as employees and customers were prevented from coming to our dealerships.

The overall impact on our operations was significant. We faced a drop in showroom traffic throughout the year, and bookings for maintenance and repairs decreased as movement restrictions and lower mileage driven decreased demand. While we were able to maintain profitability, our financial performance was significantly impacted. Our net profit for FY2022 was down 83.1% year-on-year ("**YoY**"), coming in at RMB21.0 million. This was on the back of a 10.8% YoY decline in total revenue to RMB4,026.6 million from RMB4,515.7 million in the previous year ("**FY2021**").

On a segmental basis, our automobile sales took the biggest hit, declining 11.4% YoY to RMB3,518.2 million in FY2022 while gross profit decreased sharply from RMB153.5 million in FY2021 to a loss of RMB0.7 million in FY2022 due to increased discounts on new cars in the weak economy and soft demand for premium cars. In tandem with the declining automobile sales, demand for after-sales services fell 7.0% YoY to RMB505.2 million with gross profit slipping 10.8% from RMB218.1 million to RMB194.6 million, mainly as a result of to lower car usage and mileage during the period of COVID-19 restrictions.

I am optimistic the worst is behind us – the lifting of virtually all COVID-related restrictions at the end of 2022 is a very positive signal for the economy in 2023. Since early this year, our Group has been aggressively getting back to doing what we do best – selling cars and providing after-sales services. The Lunar New Year holidays fell on a relatively early date in January, and typically the first quarter of the year is



Letter to Shareholders

the slowest of the calendar. Despite this, we can already see some green shoots sprouting. Showroom traffic is up considerably with more bookings for repair and maintenance as compared to last year. We also believe that the several supportive policies from the central and local Chinese governments will kick in to support domestic consumption demand and give much needed booster shots to the local economy.

Outlook and Prospects

We note with some concern that there is a very high level of price competition in the electric vehicle ("**EV**") space in China, which continues to negatively affect prices and discounts throughout the automotive sector. If the Chinese economy starts to grow at a higher pace, we would normally expect this to start lifting consumer sentiment and automotive demand, and provide better support for car prices, resulting in lower discounts and better gross margins. Given this background we will be prudent with the remaining balance of S$5.0 million from the funds raised at our IPO. The remaining funds are intended for growth projects in our established markets.

That said, we remain committed to expand the breadth and depth of our business. Our focus will still be in the premium and ultra-premium segment of the automotive market in China as we continue to believe that these segments will outperform the overall Chinese car market, not only in terms of long term growth rates, but also in terms of stable earnings.

Hit by supply chain bottlenecks, China lockdowns and the Russian-Ukraine war, BMW global sales in 2022 declined 5.1%[1] with sales in China dipping 6.4%[2]. However BMW continued to outsell other luxury brands globally[3], which attests to the high regard that the brand commands both in China and elsewhere.

Meanwhile, BMW's aggressive electrification strategy saw global sales of its EV models doubling during the year[4]. We are confident that BMW's compelling EV models in the pipeline will continue to maintain the brand's desirability for the well-heeled Chinese consumer.

Looking ahead, TCA will continue to look for opportunities to expand with our existing brand portfolio. Key criterion in evaluating a new brand will be the key products, availability of suitable markets and the automaker's capability and strategy. Genesis is an example of a brand that meets the Company's requirements. Being a new luxury brand in China, we started Genesis operations in 2022, making us the first Genesis dealership in Guangzhou. With all activities resuming in 2023, we look forward to properly market this brand and reaping the real benefits of being the first to launch Genesis' beautifully engineered and designed products to the market.

In terms of facility updates, two of our Genesis stores have commenced operations. The first store in Guangzhou opened in August 2022 while Changsha Genesis opened in January 2023. We have also been awarded a third franchise in the affluent Guangdong city of Foshan. At this juncture, construction of the Foshan Genesis showroom is underway and is expected to open towards the end of the second quarter of 2023.

On other operational developments, we have officially opened the Shenzhen Pingshan BMW service centre in December 2022. The addition of this location increases TCA's market share in Shenzhen. With 20 work bays, the service center is capable of handling after-sales services volume estimated at approximately 40% of the Shenzhen Longgang store. At the moment, customers in the Pingshan district only account for 10% of TCA's existing customers, meaning we are gaining 'conquest' customers. As the first BMW location in Pingshan, we hope to continue serving

1 BMW sales fell 5% in 2022 on supply bottlenecks, China lockdowns, Automotive News Europe, 10 January 2023.
2 Data extracted from https://new.qq.com/rain/a/20230112A08YHP00
3 BMW Clings to Luxury-Sales Crown as Mercedes Narrows Gap, Bloomberg article, 10 January 2023.
4 BMW EV sales skyrocket in 2022, spur further growth in 2023, Teslarati.com, 10 January 2023.

our existing customers in the district while at the same time, increase the BMW brand exposure and attract new customers.

On the McLaren side, 2022 was highly challenging due to supply chain production issues, but these are now mostly resolved. The new McLaren Artura has finally arrived in China and we are looking forward to gaining some renewed traction for this part of our business. New models typically enjoy better sales and gross margins in the year of launch.

We also continue to be interested in potential collaborations with suitable partners that meet our expansion criterion through joint ventures or strategic alliances to expand our pre-owned automobile sales business and automobile-related services businesses, and to diversify into complementary businesses. Our current priority will be to find a suitable brand partner for the vacant land adjacent to the BMW store in Chongqing.

Appreciation

I want to express my appreciation to all TCA employees and to the management team for maintaining a strong fighting spirit in what was an extremely challenging year and doing your best for our customers and for our Group through a period marked by anxiety and stress.

I also want to thank my fellow Directors on the Board for your support and guidance as we navigated our way through the tough environment.

Lastly, I want to thank all shareholders for keeping the faith and continuing to believe in us. Despite the tough market conditions in FY2022, the Board of Directors has proposed a final dividend of RMB0.0068 per ordinary share, amounting to a total payout of RMB4.0 million and 19.0% of earnings for FY2022.

Together with the rest of my team, we will intensely focus on delivering outstanding customer service in our existing stores and completing our current expansion projects such that we are better positioned when the economic recovery takes hold.

Francis Tjia
Executive Chairman and
Chief Executive Officer

Operational & Financial Review

INCOME STATEMENT

(RMB' million)	FY2022	FY2021	% Variance
Revenue	**4,026.6**	**4,515.7**	**(10.8)**
Cost of Sales	(3,829.5)	(4,144.1)	(7.6)
Gross Profit	**197.1**	**371.6**	**(46.9)**
Other Income	122.9	99.5	23.5
Other Gains, Net	6.6	11.0	(40.1)
Selling Expenses	(100.5)	(84.6)	18.8
Administrative Expenses	(166.7)	(187.6)	(11.1)
Operating Profit	**59.4**	**209.9**	**(71.7)**
Finance Costs, Net	(31.2)	(46.7)	(33.2)
Profit Before Income Tax	**28.2**	**163.2**	**(82.7)**
Profit for the Period/Year	**21.0**	**124.0**	**(83.1)**
Adjusting for			
Listing Fees	-	9.0	n.m.
Normalised Operating Earnings	**21.0**	**133.0**	**(84.2)**

Revenue
The Group's total revenue for FY2022 came in at RMB4,026.6 million, down from RMB4,515.7 million in FY2021 due to lower revenue from both its automobile sales and provision of aftersales services business segments.

Automobile sales declined 11.4% to RMB3,518.2 million in FY2022 from RMB3,972.2 million in FY2021 on lower average selling prices and lower volume of cars sold which dipped 3.5% to RMB355,000 and 8.4% to 9,904 units respectively in FY2022. Automobile sales were particularly impacted in the second half of 2022 ("**2H2022**") arising from the slowdown in China's economy, which was constrained by strict COVID-19 control policies. However, when the restrictions were lifted, the infection quickly spread again, disrupting the traditionally busy period in the fourth quarter as many of the Group's staff and customers were either infected or avoided going out during that period.

Similarly, provision of aftersales services slipped 7.0% to RMB505.2 million in FY2022 from RMB543.5 million in FY2021 due to lower car usage as a result of COVID-19 restrictions and fewer cars sold for the year.

In FY2022, the Group started an agency dealership business whereby it receives a fee for each car delivered. The total revenue for this segment was RMB3.2 million for the year. Under this arrangement, the Group does not take inventory of cars but instead receive a fee for each car delivered.

Cost of Sales & Gross Profit
With lower units sold, cost of sale of automobiles declined 7.9% to RMB3,518.9 million in FY2022 from RMB3,818.7 million in FY2021, while gross profit for the segment decreased RMB153.5 million to register a loss of RMB0.7 million in FY2022, resulting in a flat gross margin for the year. This was largely due to the weak China economy and soft demand for premium cars, leading to higher discounts extended to customers to encourage sales. Inventory turnover days for the year also expanded to 38.6 days compared to 25.5 days in FY2021.

Cost of provision of aftersales services declined 4.5% to RMB310.6 million in FY2022 from RMB325.4 million in FY2021 as a result of lower aftersales services volume. Gross profit slid 10.8% YoY to RMB194.6 million with gross profit margin coming in at 38.5%, slipping 1.6 percentage points from 40.1% in FY2021.

Revenue by Segment

(RMB' million)	FY2022	FY2021	% Variance
Sale of automobiles	3,518.2	3,972.2	(11.4)
Provision of aftersales services	505.2	543.5	(7.0)
Agent commission	3.2	-	n.m.
Total Revenue	**4,026.6**	**4,515.7**	**(10.8)**

Gross Profit Margin by Segment

	FY2022	FY2021	Variance
Sale of automobiles	0.0%	3.9%	n.m.
Provision of after-sales services	38.5%	40.1%	(1.6) pt
Agent commission	100.0%	0.0%	n.m.
Overall Gross Profit Margin	**4.9%**	**8.2%**	**(3.3) pt**

Operating Expenses

Selling expenses rose 18.8% to RMB100.5 million due to higher staffing costs and lease payment from the opening of new stores in FY2022. On a same store basis, selling expenses declined YoY due to lower business volume in FY2022 compared to FY2021.

Administrative expenses decreased 11.1% to RMB166.7 million in FY2022 due to a significant decline in professional fees relating to the listing, IT expenses and other taxes. The expansion projects undertaken in FY2022 incurred administrative expenses of RMB9.1 million.

Net Finance Expenses

Net finance costs declined 33.2% to RMB31.2 million in FY2022 arising from higher finance income of RMB6.2 million due to higher average cash balances and pledged deposits in the first half of the year. Lower bank interest rates and better utilisation of cash on hand for working capital needs led to a 35.9% decline in finance costs to RMB20.8 million in FY2022. This was partially offset by a 6.1% increase in IFRS 16-related finance costs on new leases for the Group's new store locations.

Profit

As a result, profit before income tax slid 82.7% to RMB28.2 million in FY2022 from RMB163.2 million in FY2021, while net profit for the year declined 83.1% to RMB21.0 million from RMB124.0 million in FY2021.

Operational & Financial Review

BALANCE SHEET

(RMB' million)	As at 31 December 2022	As at 31 December 2021
ASSETS		
Non-current assets		
Property, plant and equipment	227.9	184.3
Right-of-use assets	310.5	317.9
Intangible assets	78.9	79.7
Deferred income tax assets	9.8	5.4
	627.1	**587.3**
Current assets		
Inventories	478.7	330.9
Trade and other receivables	239.5	195.5
Prepayments and deposits	159.6	406.9
Pledged bank deposits	205.0	308.7
Cash and cash equivalents	106.3	153.3
	1,189.1	**1,395.3**
Total Assets	**1,816.2**	**1,982.6**
Equity attributable to the owner of the Company		
Share capital	42.0	38.5
Share premium	82.8	81.7
Reserves	68.8	70.0
Retained earnings	102.5	102.2
Total Equity	**296.1**	**292.4**
LIABILITIES		
Non-current liabilities		
Bank and other borrowings	-	17.9
Lease liabilities	219.9	218.2
Deferred income tax liabilities	41.1	41.3
Amount due to the immediate holding company	71.8	94.7
	332.8	**372.1**
Current liabilities		
Trade and bills payable	611.5	459.5
Accruals and other payables	47.5	55.5
Contract liabilities	121.6	183.0
Bank and other borrowings	382.4	582.3
Lease liabilities	20.8	16.2
Current income tax liabilities	3.5	21.6
	1,187.3	**1,318.1**
Total Liabilities	**1,520.1**	**1,690.2**
Working Capital	1.9	77.2
Net Interest Bearing Liabilities[1]	647.9	561.7

1 Long term and short term borrowings and bills payable less cash and cash equivalents and pledged deposit.

The Group's total assets stood at RMB1,816.2 million as at 31 December 2022, as compared to RMB1,982.6 million as at 31 December 2021.

Current assets declined RMB206.2 million to RMB1,189.1 million as at 31 December 2022, largely due to (i) an increase in inventory of RMB147.8 million on the arrival of new car inventory before the end of FY2022 and fewer car deliveries in the fourth quarter of FY2022 as a result of higher COVID-19 infections affecting shopper traffic in the last two months of the year; (ii) an increase in other receivables of RMB44.0 million due to higher commission income receivables from financing partners; (iii) a decline in prepayment and deposits of RMB247.3 million due to decrease in manufacturers deposits resulting from fewer outstanding inventory orders; and (iv) a decrease in pledged bank deposits from lower bank borrowings.

On the other hand, non-current assets increased RMB39.8 million to RMB627.1 million as at 31 December 2022, largely on (i) an increase in property, plant and equipment of RMB43.6 million to RMB227.9 million as a result of leasehold improvements relating to Guangzhou Genesis showroom, Shenzhen BMW showroom and construction of Changsha Genesis showroom; and (ii) a decrease in right-of-use assets and intangible assets of RMB8.2 million arising from addition of new showrooms and the related depreciation and amortisation.

The Group's total liabilities declined to RMB1,520.1 million as at 31 December 2022 as compared to RMB1,690.2 million as at 31 December 2021.

Current liabilities decreased RMB130.9 million to RMB1,187.2 million as at 31 December 2022, largely attributable to (i) higher trade and bills payables of RMB152.0 million from increased utilisation of bills payables to finance automotive inventory; (ii) lower accruals and other payables of RMB8.0 million as a result of certain settlement before the end of FY2022; (iii) lower contract liabilities of RMB61.4 million due to higher rate of COVID-19 infections in November and December impacting the sales of new automobiles in those months; (iv) decrease in bank borrowings of RMB200.0 million as a result of loan retirements and higher utilisation of bills payables to purchase inventory; (v) increase in current lease liabilities of RMB4.6 million due to reclassification from non-current liabilities and new leases signed for the expansion project; and (vi) decrease in current income taxes liabilities of RMB18.1 million as a result of lower profit for the year.

The decline in non-current liabilities of RMB39.3 million to RMB332.8 million as at 31 December 2022, was largely due to (i) a decrease in non-current portion bank and other borrowings of RMB17.9 million as the portion became current liabilities on maturity; and (ii) a decrease in amount due to the immediate holding company of RMB23.0 million due to repayment made during the year.

Following the net impact of profit for the year and dividend paid, the Group's shareholder equity increased RMB3.7 million to RMB296.1 million as at 31 December 2022 from RMB292.4 million as at 31 December 2021.

CASH FLOWS

(RMB' million)	FY2022	FY2021
Net cash generated from operating activities	225.2	230.0
Net cash used in investing activities	(62.6)	(23.3)
Net cash used in financing activities	(212.9)	(156.4)
Cash and cash equivalents at end of financial year/period	106.3	153.3

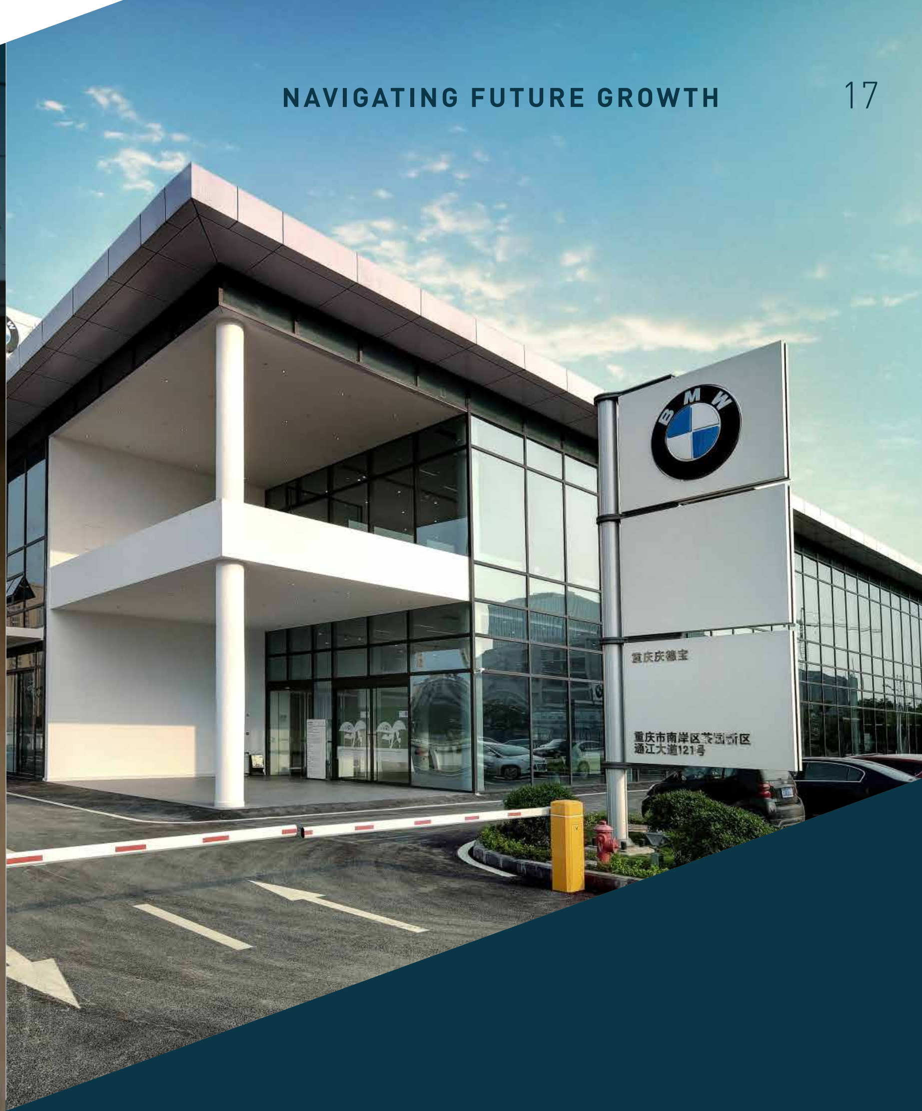
The Group generated net cash from operating activities before movement in working capital of RMB136.6 million in FY2022, down from RMB257.2 million in FY2021 as a result of lower revenue and net profit for the year.

Net cash generated from operating activities came in at RMB225.2 million, mainly from (i) a decline in trade and other receivables, prepayments and deposits of RMB205.1 million due to lower deposits paid to manufacturer for new automobile inventory; and (ii) higher trade and bills payable, accruals and other payables of RMB143.6 million arising from the use of bill payables to finance inventory. This was offset by (iii) higher inventory balance of RMB168.8 million due to lower business activity towards the end of the year; and (iv) lower contract liabilities of RMB61.4 million due to fewer orders received towards the end of the year.

Net cash used in investing activities amounted to RMB62.6 million in FY2022, which comprised (i) purchase of property, plant and equipment of RMB98.8 million, primarily motor vehicles to be used as demonstration vehicles, leasehold improvements and furniture and equipment associated with expansion projects. This was partially offset by (ii) proceeds from disposal of property, plant and equipment of RMB31.7 million, primarily from motor vehicles that retired from the demonstration fleet; and (iii) proceeds from interest received from deposits with financial institutions of RMB4.4 million.

Net cash used in financing activities rose to RMB212.9 million in FY2022 as a result of (i) interest paid on bank borrowings of RMB37.1 million; (ii) lease payments of RMB18.1 million; (iii) repayment to the immediate holding company of RMB30.0 million; (iv) repayment of bank loans and other borrowings of RMB221.1 million; and (v) dividend payment of RMB10.4 million. This was offset by (iv) decrease in pledged deposits of RMB103.7 million due to repayment of bank borrowings that required pledged deposits.

The Group wrapped up the year with cash and cash equivalents of RMB50.3 million, down from RMB153.3 million as at 31 December 2021.



EXTENDING THE REACH OF **OUR DEALERSHIP NETWORK**

Board of Directors

FRANCIS TJIA
Executive Chairman and Chief Executive Officer

Date of Appointment to the Board:
18 December 2015

Board Committees:
- Nominating Committee – Member

Present Directorships in Listed Companies:
- Nil

Past Directorships in Listed Companies:
- Nil

Other Commitments:
- OpenRoad Auto Group - Non-Executive Director

Mr Francis Tjia founded TCA and is responsible for the overall strategic direction and growth of the Group.

Francis moved to Hong Kong in 1990 upon completion of his academics and started his professional life as a fund manager overseeing Asian equity portfolios. From 1991 to 1993, Francis moved to Jakarta and served as an Executive Director and Senior Fund Manager at Lippo Investments, which operated out of Jakarta and Hong Kong. In mid-1993, Francis co-founded Income Partners Asset Management in Hong Kong.

While continuing his career in finance, Francis co-founded Summit Motors (China) Limited ("**Summit Motors**") in 1994, an automotive dealership company based in Hong Kong with operations in the PRC. Summit Motors was initially appointed as Toyota importer and dealership operator for the PRC in 1994, followed by the appointment by BMW to be an importer and distributor for Western PRC in 1995. Summit Motors opened its first permanent Toyota dealership in Chengdu in 1995 and the first BMW store, also in Chengdu, in 1998. Francis subsequently disposed all his interests in Summit Motors in 2006.

Francis is currently a significant shareholder and Non-Executive Director of OpenRoad Auto Group in Vancouver, Canada. OpenRoad Auto Group is one of Canada's leading automotive retailers for new and pre-owned automobiles. It is based in Vancouver and represents approximately 20 leading automotive brands and operates approximately 35 dealership outlets in the Greater Vancouver area, the Greater Toronto area as well as in Seattle, Washington, USA. For avoidance of doubt, OpenRoad Auto is independently operated and managed separately from the management team of the Group.

Francis graduated from the University of British Columbia in 1987 with a Bachelor's degree in Economics and completed his Master of Business Administration and Master of Arts in Economics from Boston University in 1990.

MICHAEL CHEUNG
Executive Director and Chief Financial Officer

Date of Appointment to the Board:
18 December 2015

Board Committees:
- Nil

Present Directorships in Listed Companies:
- Nil

Past Directorships in Listed Companies:
- Nil

Other Commitments:
- Nil

Mr Michael Cheung is responsible for overseeing the overall financial functions, corporate governance and corporate communications of the Group.

Michael started his career at PricewaterhouseCoopers LLP in Vancouver, Canada and San Francisco, California where he rose to audit and assurance manager. Previously, Michael was the Internal Auditor Team Leader at Placer Dome Inc., Canada, a mining company and he was the Chief Financial Officer of PenderFund Capital Management Inc., an asset management firm based in Vancouver, Canada. Prior to joining the Group in 2013, he was the Chief Financial Officer and Corporate Secretary of Zongshen PEM Power System Inc., a light transportation manufacturing company listed on the Toronto Stock Exchange with operations in Chongqing, China.

Michael graduated from the University of British Columbia in 2001 with a Bachelor of Commerce in Accounting and completed his Master of Business Administration from Kellogg School of Management at Northwestern University in 2008. He is also a Canadian Chartered Public Accountant.

Board of Directors

DAVID LEOW
Lead Independent Director

Date of Appointment to the Board:
17 September 2021

Board Committees:
- Nominating Committee – Chairman
- Audit and Risk Committee – Member
- Remuneration Committee - Member

Present Directorships in Listed Companies:
- Mencast Holdings Ltd. – Independent Director

Past Directorships in Listed Companies:
- Nil

Other Commitments:
- Thaler Global Pte. Ltd – Managing Director
- Ufinity Group Pte. Ltd. – Chief Financial Officer
- MEC Asia Fund – Non-Executive Director
- CAP Management Limited – Non-Executive Director
- Chartered Accountants of Australia and New Zealand – Board Member

Mr David Leow began his career as an accountant with Barwick Partners in West Perth, Australia. From 1993 to 2005, David held various positions in Singapore, including Vice President of the DBS Bank Ltd's Private Equity Fund, Vice President of UOB Kay Hian's Equity Capital Markets Group, Associate Director of HSBC Securities and a founding Director of Business Development for the Virgin Group in Asia, where he helped to structure, fund and launch Virgin Group-branded businesses in Asia.

Currently, David is the Managing Director of Thaler Global Pte. Ltd, where he advises companies on capital market activities and corporate strategy, which may involve taking senior management roles with clients. He is the Chief Financial Officer of Ufinity Group Pte. Ltd., a software company that has received the Profit Growth Excellence award from DP Information for each of the last eight years, and a Non-Executive Director of MEC Asia Fund and CAP Management Limited.

David is a Chartered Financial Analyst of the Association for Investment Management and Research, a Fellow of the Chartered Accountants in Australia and New Zealand and a member of the Institute of Chartered Accountants in Singapore. He graduated from the University of Western Australia with a Bachelor of Commerce and is a graduate of the Owner/President Management programme at Harvard Business School.

HENRY TAN
Independent Director

Date of Appointment to the Board:
17 September 2021

Board Committees:
- Audit and Risk Committee – Chairman
- Nominating Committee – Member
- Remuneration Committee - Member

Present Directorships in Listed Companies:
- BH Global Corporation Limited – Independent Director
- Asia Vets Holdings Ltd – Independent Director
- Dyna-Mac Holdings Ltd. – Independent Director
- Penguin International Limited – Independent Director
- China New Town Development Co., Ltd. – Independent Director

Past Directorships in Listed Companies:
- Raffles Education Corporation Limited – Independent Director
- Yinda Infocomm Limited – Independent Director
- YHI International Limited – Independent Director

Other Commitments:
- CLA Global TS Group (Formerly Nexia TS Group) – Group Chief Executive Officer & Chief Innovation Officer

Mr Henry Tan is the Group CEO & Chief Innovation Officer of CLA Global TS Group (Formerly Nexia TS Group) and Director of the global board of CLA Global Limited. He was previously the Asia Pacific Regional Chairman and board member of Nexia International. Henry currently sits as an independent director on the boards of Asia Vets Holdings Ltd, BH Global Corporation Limited, Dyna-Mac Holdings Ltd.

and Penguin International Limited, companies listed on the SGX, as well as China New Town Development Co. Ltd, a company listed on the Hong Kong Stock Exchange.

Henry is the Chairman of Education Subcommittee on Sustainability Reporting of the Institute of Singapore Chartered Accountants ("**ISCA**") and a committee member of ISCA's Sustainability and Climate Change Committee. He is a member of Working Committee 2 of the ASEAN Federation of Accountants. He was previously on the EXCO & served as Treasurer of Singapore Fintech Association and ASEAN Federation of Accountants, President of Spirit of Enterprise, Chapter President of Entrepreneurs' Organisation, Council Member of ISCA and Chairman of Nanyang Business School Alumni Advisory Board.

Henry holds a Bachelor of Accountancy (First Class Honours) from National University of Singapore. He also attended the Advanced Executive Management Development Program at Beijing Tsinghua University. He is a Fellow of the ISCA, Institute of Chartered Accountants of Australia and New Zealand, CPA Australia, Insolvency Practitioners Association of Singapore Limited, ASEAN CPA and ISCA Financial Forensic Professional Credential. He is also an Associate Member of Singapore Institute of Internal Auditors, Singapore Institute of Directors and Singapore Chartered Tax Professionals. Henry is a Chartered Valuer and Appraiser and sits as a Council Member of the Institute of Valuers and Appraiser, Singapore. He is an Approved Liquidator registered with the Accounting & Corporate Regulatory Authority (ACRA) and a licensed Insolvency Practitioner by Ministry of Law.

STEVEN PETERSOHN

Independent Director

Date of Appointment to the Board:
17 September 2021

Board Committees:
- Remuneration Committee - Chairman
- Audit and Risk Committee – Member
- Nominating Committee – Member

Present Directorships in Listed Companies:
- Nil

Past Directorships in Listed Companies:
- Nil

Other Commitments:
- Arch Capital Solutions – Executive Director
- Advanced Energy Minerals Limited - Executive Director

Mr Steven Petersohn began his career in Boles World Trade Corp ("**Boles**"), a diversified trading company with its headquarters in San Francisco, United States of America. As Boles' Vice President from 1979 to 1983, he helped to build its business, which included white label electronics, food and beverage, paper and packaging, in Europe and Asia. Subsequently, Steven held various positions at trade financing, investment banking and securities firms in New York, including as Vice President at Prudential Bache Trade Corp, CEO and Co-founder of Trade Financial Services Corp and Director of Jefferies & Company.

While he was at Jefferies & Company, Steven moved to Hong Kong to establish and run its first office in Asia. After leaving Jefferies, Steven held various executive positions at Morgan Stanley's Equity and Fixed Income Divisions, LIM Advisors, a special situations fund management company, Watermill Advisors, Watermill Capital and Arch Capital Solutions (private finance and consulting with a focus on growth companies, restructurings and turnarounds). Steven is currently the Director of Finance and a member of the Board of Director's at Advanced Energy Minerals Limited, a leading manufacturer of ultra-pure alumina in Canada and the owners of a highly prospective kaolin deposit in Australia.

Steven graduated from Stanford University with a Bachelor of Arts degree in 1978.

Key Management

FRANCIS TJIA
Executive Chairman and Chief Executive Officer

Please refer to page 19 for Francis's bio.

MICHAEL CHEUNG
Executive Director and Chief Financial Officer

Please refer to page 19 for Michael's' bio.

ROGER CHAN
Chief Operating Officer (BMW)

Mr Roger Chan joined the Group in 2014 and appointed as Chief Operating Officer (BMW) in December 2015. He is responsible for the overall management of sales and service operations of the BMW business.

Roger began his career in the automotive industry in Taiwan where he was recruited by Pan German Motors ("**PGM**"), a luxury brand automotive importer and distributor in Taiwan. From 1990 to 2000, he served as a Marketing Manager in Taiwan, organising advertising and promotional events for Volkswagen and Audi sedans, before being dispatched to Hong Kong to be the Managing Director of Bowdex Hong Kong, a subsidiary of PGM which imported BMWs into the PRC via Hong Kong.

From 2000 to 2010, Roger worked in the PRC for Summit Motors, initially as the General Manager and thereafter the Vice-President of the BMW/MINI Business Unit of Sichuan Summit Chengbao Motors Sales and Service Co. Ltd. ("**Sichuan Summit Motors**"), where he was responsible for running Toyota (until 2007), BMW and MINI dealerships across the PRC while based in Chengdu. During his tenure, Sichuan Summit Motors won many awards from BMW China including "2008 Best Dealership Award" and "2008 Top Dealer Management Award". From 2010 to 2013, Roger worked for Porsche Automotive Investment GmbH, a subsidiary of Porsche Holding Salzburg, as the BMW Brand President responsible for its BMW dealerships in the Zhejiang and Jiangsu province.

Roger graduated from Taiwan's Soochow University in 1980 where he majored in English Language and Literature. In 1989, he completed the Advanced Business Management Programme conducted by Taiwan University (Extension Education Center). He also completed the BMW Group Business Academy Programme in 2008 conducted by BMW.

RAYMOND WOO
Chief Operating Officer (Premium Luxury)

Mr Raymond Woo was appointed as Chief Operating Officer (Premium Luxury) in December 2015 and is responsible for the overall day-to-day operations of the McLaren and Genesis businesses.

Raymond joined the Group in 2008 and was primarily responsible for coordinating projects, starting new dealerships and other dealer development initiatives. He previously held the dual role of Director of the Group from October 2017 until he stepped down from the position in April 2021. Prior to joining the Group, he served as the Business Development Manager of Artex Fashions (Asia) Limited, a premier garment manufacturing company, until 2006.

Raymond graduated from the University of Toronto in 1999 with a Bachelor of Architecture and subsequently completed his Master of Science in Construction Project Management at the University of Hong Kong in 2001.

Investor Relations

Objectives

- Ensure timely and accurate disclosure of corporate developments and financial performance.
- Facilitate prompt communication and engagements with all stakeholders and the investment community.
- Enforce good corporate governance practices.

Investor Relations Policy

TCA is committed to maintaining accurate, consistent and timely disclosure of financial performance and significant corporate developments to shareholders, the investing public, the financial community and the media, in compliance with Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**"), and other applicable securities laws and regulations.

All announcements are released on a timely basis on SGXNet and on our Investor Relations ("**IR**") website www.tca-auto.com, which contains corporate information, financial results, press releases, presentations, annual reports, sustainability reports and other content that is relevant to the investment community.

Investors can also reach out to our IR consultant, Lee Teong Sang, via the following channels for more information about the Company:
Tel: +65 9633 9035
Email: teongsang.lee@tca-auto.com

Dividend Policy

The Group currently does not have a dividend policy. In its first year as a listed company, it proposed a dividend of RMB0.0257 per ordinary share, which represented a payout ratio of 12.1% for FY2021. For FY2022, the Company has proposed a final dividend of RMB0.0068 per ordinary share, representing a payout ratio of 19.0%.

The form, frequency and amount of any proposed dividend is subject to the Group's operating results, financial position, committed capital expenditures and any other relevant considerations the Board of Directors may deem appropriate and in the best interest of the Company. In the event that no dividend is declared and/or recommended, the Company will disclose the reason(s) for the decision, in accordance to the requirements of the Catalist Rules.

Investor Engagements

In line with our commitment to engage the financial and investment communities, we intend to conduct half yearly results briefings as well as participate in institution-initiated investor events, non-deal roadshows and retail seminars conducted by financial associations. Our first investor briefing was conducted in February 2022 for our FY2021 results announcement, and the second briefing was conducted in August 2022 for our half year FY2022 results announcement. We also held our first annual general meeting with our shareholders via electronic means on 26 April 2022.

Tentative Financial Calendar for FY2023*

August 2023	1H2023 Results Announcement
February 2024	FY2023 Results Announcement
April 2024	Annual General Meeting

* Subject to change.

Corporate Information

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info@tca-auto.com

BOARD OF DIRECTORS
Francis Tjia
Executive Chairman and Chief Executive Officer

Michael Cheung
Executive Director and Chief Financial Officer

David Leow
Lead Independent Director

Henry Tan
Independent Director

Steven Petersohn
Independent Director

AUDIT AND RISK COMMITTEE
Henry Tan (Chairman)
David Leow
Steven Petersohn

NOMINATING COMMITTEE
David Leow (Chairman)
Henry Tan
Steven Petersohn
Francis Tjia

REMUNERATION COMMITTEE
Steven Petersohn (Chairman)
David Leow
Henry Tan

SPONSOR
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Partner-in-Charge: Rebekah Khan
Appointed from financial year 2021

SINGAPORE SHARE TRANSFER AGENT
In.Corp Corporate Services Pte. Ltd.
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COMPANY SECRETARY
Siau Kuei Lian

INVESTOR RELATIONS
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SUSTAINABILITY REPORT

ABOUT THIS REPORT

This report reflects Trans-China Automotive Holdings Limited's ("**TCA**" or the "**Company**", and together with its subsidiaries, the "**Group**") commitment to establish an effective economic, environmental, social and governance ("**ESG**") strategy. An established ESG strategy lays the groundwork for our Group to uphold high standards of corporate governance that would ensure business continuity and it is also an important building block for creating long-term value for our stakeholders and ensuring their interests are safeguarded.

In this regard, we are pleased to present our second sustainability report for the financial year ended 31 December 2022 ("**FY2022**"). This report is an account of the progress we have made in various ESG aspects across our operations in China, where the Group's customers and business activities are mainly located. As part of our commitment to improve each year, this report also contains our targets for the current financial year ending 31 December 2023 ("**FY2023**").

Reporting Framework

This report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards, which is a widely-accepted international standard for sustainability reporting. For this report, we have transitioned to the latest version of the GRI Standards – the GRI Universal Standards 2021.

This report also complies with the sustainability reporting requirements of Rules 711A and 711B of the Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") on a "comply or explain" basis. In addition, we have integrated the United Nations Sustainable Development Goals ("**SDGs**") into our materiality process to reflect TCA's commitment to sustainable development.

The data in this report is collected by our Administration Managers in each of the BMW stores or Finance Managers in locations where we do not have Administration Managers. The information is collected on a monthly basis and reviewed for accuracy and completeness at the group level by the group Administration Manager who then reviews and approves the data set before forwarding to the group Chief Financial Officer for final review and inclusion into the Sustainability Report.

Reporting Process

We apply GRI's reporting principles to identify, prioritise and validate material topics and their boundaries for reporting. We have observed the reporting principles established by the GRI Standards and adopted its principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability in preparing this report. The report has been internally reviewed by RSM Risk Advisory Pte. Ltd.

Board Statement

Accessibility

This report is included as part of our Annual Report 2022. An electronic version of this report is available for download on our website at www.tc-auto.com and the SGX-ST website at www.sgx.com. We welcome stakeholders to submit their queries and feedback on any aspect of our sustainability performance to info@tca-auto.com.

Since inception, ESG policies and procedures have been embedded in the Company's DNA as part of our contributions to the environment, society, and community at large. Now, even more so with the constantly evolving ESG reporting landscape and shifting stakeholder expectations, we continue to refine our ESG strategy to be more holistic and comprehensive.

Oversight, management and monitoring of material topics are led by the Board of Directors (the "**Board**") and supported by the management team who assists with collecting, verifying and monitoring the Company's progress. The Board considers sustainability issues, risks and opportunities and steers the Company towards meeting our sustainability goals. With that, we wish to inform that this sustainability report has been reviewed and endorsed by the Board.

FY2022 remained a challenging year for the Group due to the zero-COVID stance adopted in China where the bulk of our operations are located. Adding to that, the geopolitical tensions in Eastern Europe also brought about economic distress with soaring inflation and supply chain issues disrupting our operations and dampening our post-pandemic recovery.

Despite these challenges in FY2022, we implemented prudent cost management measures and strived to maintain our profitability so as to preserve the livelihoods of our employees and safeguard the interests of stakeholders. To ensure the health and safety of our employees and our customers, we complied with all COVID-19 measures enforced by the government.

On the environment aspect, we have made good progress in modifying our workshops to have more capacity to support the electrification strategies of our OEMs. With EV sales expected to make up more than 40% of the total new car sales by the end of the year in China[1], we hope to capture this burgeoning market and promote sustainable mobility to our customers through our partnership with our OEMs.

On the governance aspect, TCA recognises the principle of board diversity as part of an effective business strategy to drive long-term value. Beyond the Board level and as a company that highly values corporate governance and diversity, we aim to build an inclusive company that embraces employees across all gender, education, age and ethnicity as long as they have the capabilities to fulfill their job responsibilities.

Going forward, we will continue to enhance our ESG efforts in our pursuit of sustainable growth and efficiency, and ensure that our corporate governance practices comply with the prevailing statutory principles and guidelines.

On behalf of the Board, we wish to thank the management and staff for their commitment towards the Group's sustainability initiatives. We look forward to your continued support and partnership.

Francis Tjia
Executive Chairman and
Chief Executive Officer

1 5 January 2023, The Edge – The rise of EVs and the fall of Elon Musk.

Performance Highlights

ESG FACTORS	FY2022		FY2021		FY2020	
ECONOMIC (RMB' million)						
Revenue	4,026.6		4,515.7		4,214.0	
Gross Profit	197.1		371.6		316.1	
Profit for the Year	21.0		124.0		109.9	
Dividend to Shareholders	RMB0.0068 per share		RMB0.0257 per share		Nil	
ENVIRONMENTAL	**Usage per unit delivered**[1]	**Usage per unit repaired**[2]	**Usage per unit sold**[3]	**Usage per unit repaired**[4]	**Usage per unit sold**[5]	**Usage per unit repaired**[6]
Water Consumption (tonnes)	4.19	0.35	4.37	0.38	4.20	0.39
Natural Gas Consumption (Nm^3)	8.83	0.75	7.95	0.69	6.47	0.60
Electricity Consumption (kWHr)	558.71	47.31	507.92	43.96	430.95	39.65
Fuel (litres)	10.40	0.88	10.48	0.91	12.52	1.15
SOCIAL						
Turnover Rate	24%		24%		25%	
Male vs. Female	62% vs 38%		63% vs. 37%		62% vs. 38%	
Average Training Hours	10.55		9.43		9.11	
GOVERNANCE						
Non-compliance and Regulatory Breaches[7]	One		Zero		Zero	
Corruption and Fraud	Zero		Zero		Zero	
Data Security Breaches	Zero		Zero		Zero	

1 Based on a total of 10,035 units delivered, including new and pre-owned car sales, and cars delivered under the agency arrangement which began in FY2022.
2 Based on a total of 118,503 throughput units in FY2022.
3 Based on a total of 10,771 units sold in FY2021.
4 Based on a total of 124,443 throughput units in FY2021.
5 Based on a total of 10,143 units sold in FY2020.
6 Based on a total of 110,249 throughput units in FY2020.
7 Please refer to page 38 for more details.

Sustainability Approach

As a leading premium automobile dealership group, we are focused on pursuing sustainable growth and delivering long-term value to all our stakeholders. With sustainability as the bedrock of our business strategy, we are committed to ensuring high standards of corporate conduct through consistent product quality, timely delivery, competitive pricing and excellent pre-sales and after-sales service.

Since becoming a listed company, we continued to build on our sustainability framework to establish a robust ESG strategy that is aligned with our corporate goals. A sustainability team comprising representatives from various departments work together to formulate, implement and manage the policies and practices relating to various ESG concerns ("**Sustainability Team**").

The Sustainability Team closely monitors our ESG performance against established targets and provides feedback to the Senior Management who will report to the Board. The Board has the ultimate responsibility over the sustainability and ESG reporting.

Sustainability Team and Responsibility

COVID-19

Because of China's strict zero-COVID policy that continued into FY2022, our operations were disrupted by measures such as lockdowns that were imposed in different parts of China throughout the year. These included cities where our operations are located.

Against this backdrop, our Group did our best to carry on with our operations while complying with prevailing measures to protect the health and safety of everyone who enters our facilities. Depending on the severity of the local epidemic, we held temperature checks and requested for proof of vaccination before allowing our employees and customers to access our dealerships. Furthermore, we enhanced our COVID-19 disinfection regime and provided free hand sanitisers and masks.

Although China has lifted all COVID-19 restrictions since December 2022, we will continue to exercise vigilance and closely monitor the effects of the pandemic and uphold a safe workplace environment by maintaining high hygiene and safety standards at our workplaces.

Stakeholders

We are committed to forge meaningful relationships with all our stakeholders as each stakeholder plays a vital role in shaping our business strategy. As such, we organise regular stakeholder engagement activities to better understand their concerns and expectations. We also have an open channel for feedback. Through these initiatives, we are able to make informed business decisions and build long lasting and trusted connections with our stakeholders.

The key stakeholders groups which we have identified are customers, business partners, employees, investors, shareholders, analysts, media, regulatory bodies, and general communities.

The following table outlines our stakeholder engagement programmes and our commitments towards each group of stakeholders.

Key Stakeholder Groups	Expectations / Concerns	Engagements	Commitments
Customers	• Good customer service • Well-informed salespeople with good product knowledge • Quality and safety of our services • Value-added services	• Marketing and promotional activities • Point of sales – showrooms • Product launches • After-sales services	• Well-trained sales personnel • Regular promotional / networking activities • Competitive pricing • Expand after-sales services
Business Partners (Car manufacturers, Original Equipment Manufacturers ("**OEMs**") financial institutions and vendors)	• Reliability • Financial resilience • Logistics capabilities • Experienced management team and service professionals • Ability to deliver brand promise	• Regular meetings and visits • Product launches and promotions • Trade shows • Supplier evaluation exercises	• Build long-term partnerships
Employees	• Well-defined training programmes • Fair and sound welfare and benefits • Conducive and safe working environment • Competitive wages	• Regular product trainings • Regular meetings and open discussions • Annual performance appraisal • Company gathering/ team bonding activities	• Review employee benefits framework • Development and learning programme • Ensure workplace safety
Investors, Shareholders, Analysts and Media	• Financial performance and resilience • Sustainable growth strategy and expansion plans • Impact of COVID-19 on operations	• Annual general meeting • Annual report and sustainability report • Bi-annual results announcement and quarterly business updates • Ad hoc corporate updates and announcements • Ad hoc investor roadshows and investor briefings	• Timely and transparent disclosures • Proactive communications • Active management of expansion plans
Communities (Regulatory bodies and the general community)	• Corporate governance • Compliance to laws and regulations • Sustainable business practices • Contribution to community • Eco-awareness and environmental issues	• Regular updates on key initiatives • Ad hoc meetings and dialogues with regulatory bodies • Ad hoc corporate social responsibility activities • Annual sustainability report	• Ensure regulatory compliance • Adopt best corporate and eco-friendly practices • Contribution to community • Manage environmental impacts

Materiality

Our materiality assessment process begins with identifying topics with the most significant economic, environmental and social impacts associated with our business operations. We then set performance targets that are aligned with our strategy to track the progress of our material ESG topics and to ensure we remain on track.

In defining our material topics, we considered internal and external factors such as the company's policies and strategies, broader economic, environmental and/or social topics and concerns raised by stakeholders, legislative requirements, customer preferences, sustainability trends as well as key challenges that are peculiar to the luxury car dealership industry.

For continuity, we have retained the eight material topics identified in FY2021 for reporting in FY2022 as they remain relevant to our Group. We review our material ESG topics annually and will update stakeholders of any changes to the list of material topics.

The following table shows an overview of our material ESG issues:

Impact & Relevance	Approach & Implementation	Relevant Standards & Benchmarks
ECONOMIC		
Financial Performance		
Our financial performance is presented through a wide range of metrics such as revenue and income, cash flows, debt and capital management. This enables different stakeholder groups to extract the relevant information they require to assess our performance based on different financial metrics.	Our overarching principle is to ensure strategic and prudent implementation of our expansion and acquisition plans to boost our income streams, ensure sustainable growth and maintain consistent financial performance. We adopt best accounting practices and adhere to reporting guidelines recommended by the Monetary Authority of Singapore ("**MAS**") and SGX-ST.	GRI 201: Economic Performance 2016 8 DECENT WORK AND ECONOMIC GROWTH 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labour-intensive sectors

Impact & Relevance	Approach & Implementation	Relevant Standards & Benchmarks
ENVIRONMENTAL		
Energy and Water Conservation		
As China is our main market of operations, we align our efforts with the Chinese government's aggressive environmental goals for energy and water conservation. Besides cost savings, conserving energy and water reduces our environmental footprint that can help in combating climate change.	We conserve energy by utilising energy-saving light bulbs in our showrooms. Some of our showrooms are also designed to maximise the use of natural light to lower energy usage. We monitor our water consumption and implement measures to reduce water consumption.	GRI 302: Energy 2016 GRI 303: Water and Effluents 2018 6.4. By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity 7.3. By 2030, double the global rate of improvement in energy efficiency
Waste Management		
Proper management of waste will help reduce environmental impacts and carbon emissions.	We employ proper treatment and disposal of waste as required by the China laws. We reduce unnecessary printing of materials, reuse and recycle paper.	GRI 306: Waste 2020 12.2. By 2030, achieve the sustainable management and efficient use of natural resources 12.5. By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse
Air Pollution Management		
Proper disposal of biodegradable products that we use at our workshops.	We comply with environmental standards and laws in China in the proper disposal of biodegradable waste from our workshops including the usage of professional waste disposals companies. We also perform regular inspection of our facilities and equipment to ensure they are functioning properly and safely.	GRI 305: Emissions 2016 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries

Materiality

Impact & Relevance	Approach & Implementation	Relevant Standards & Benchmarks
SOCIAL		
Employment		
The ability to attract and retain talented and skilled people to drive operational performance is one of our key pillars to sustainable business growth.	We adopt fair employment practices and select candidates based on merit, regardless of age, gender, ethnicity and religion. We ensure there are relevant training programmes in place to develop and maximise their potential.	GRI 401: Employment 2016 GRI 404: Training and Education 2016 GRI 405: Diversity and Equal Opportunity 2016 4.4. By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship 8.5. By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value 8.6. By 2020, substantially reduce the proportion of youth not in employment, education or training
Health and Safety Measures		
The pandemic has emphasised the importance of health and safety protocols in our operations, working environment and respective communities. Safety at showrooms and workshops will also help minimise onsite accidents.	We have stepped up our health and safety measures at our offices, showrooms and workshops, to ensure safety for our staff and for our customers. We have an Operational Health and Safety committee that oversees and ensures that our safety protocols are regularly reviewed and communicated to our staff.	GRI 403: Occupational Health and Safety 2018 8.8. Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment
Customer Satisfaction		
The ability to create value and satisfactory customer experiences through excellent customer service is paramount to attract new customers and retain existing ones.	We are committed to delivering high-quality products and services that exceed customer expectations. We aim to provide a holistic customer experience that begins from our showrooms, offering test drives to after-sales services, as well as regular networking, marketing and promotional activities.	GRI 416: Customer Health and Safety 2016 GRI 418: Customer Privacy 2016 16.3. Promote the rule of law at the national and international levels and ensure equal access to justice for all 16.10. Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements

Impact & Relevance	Approach & Implementation	Relevant Standards & Benchmarks
GOVERNANCE		
Regulatory Compliances		
As a listed company, we need to comply with the Catalist Rules and regulations, as well as the laws and regulations of the host countries where our operations are located. Non-compliance may impact the company's reputation and financial performance and disrupt operations.	We have zero-tolerance for regulatory breaches. We adhere to a code of conduct that outlines the standard of conduct and proper practices to safeguard the reputation of the company.	GRI 2-27: Compliance with laws and regulations GRI 205: Anti-Corruption 2016 16 PEACE, JUSTICE AND STRONG INSTITUTIONS 16.5. Substantially reduce corruption and bribery in all their forms 16.6. Develop effective, accountable and transparent institutions at all levels

Economic

Healthy financial performance is key to the sustainability of an organisation. We are committed to create long-term economic value and maximising returns to all our stakeholders by maintaining profitability.

As a listed company on SGX-ST, we comply with the listing rules and make timely reports and disclosures of our financial performance and significant corporate developments. We exercise accountability, openness and transparency in our everyday business transactions to uphold our commercial standing and reputation.

Our growth pillars and strategies to deliver long-term sustainable growth include:

- Expanding our presence and network across geographically prosperous provinces in China; Strengthening relationships with existing automobile brands as well as setting up new dealerships and acquisition of existing dealerships; and
- Seeking opportunities to expand and diversify into complementary businesses.

Revenue
4,026.6 RMB million

Gross Profit
197.1 RMB million

Net Profit
21.0 RMB million

Gross Profit Margin
4.9%

Dividend
0.0068 RMB per share

OUR ECONOMIC PERFORMANCE

The hardline COVID-19 measures imposed in China disrupted supply chains and led to negative consumer sentiment. As a result, it impacted our performance in FY2022, leading to weaker earnings and lower margins compared to FY2021. In FY2022, we proposed a final dividend of RMB0.0068 per ordinary share to maintain a stable dividend policy. Our main focus for the upcoming year is to improve profitability and strengthen our financial position.

For further details of the Group's financial performance, please refer to the following sections for the Annual Report 2022:

- Financial Highlights
- Operational & Financial Review
- Audited Financial Report

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain consistent financial performance and growth	• Please refer to the Audited Financial Report section of the Annual Report 2022	• Maintain consistent financial performance and growth

Environmental

As part of our environmental stewardship commitments, we conduct our business operations in an environmentally responsible manner and adhere to the applicable environmental regulations. We have implemented policies and procedures across our operations that are aimed at minimising our carbon footprint. Our key environmental goals include reducing energy and water consumption, proper waste management and air pollution control.

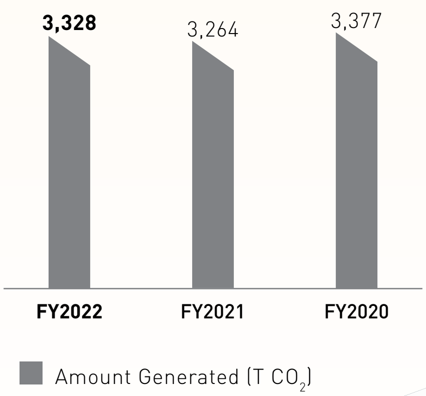
Action on Climate Change

Climate change is our planet's greatest existential threat. With rising temperatures and severe weather conditions impacting lives, many countries have ramped up efforts to mitigate the effects of climate change. The Paris Agreement, an international treaty on climate change, has set a goal to limit global warming to under 1.5 degree Celsius compared to pre-industrial levels by 2030 whereas China aims to reach carbon neutrality by 2060.

In support of these environmental goals, TCA is committed to doing our part to reduce our greenhouse gas ("**GHG**") emissions in our business activities and to work towards building climate resilience across our business operations. The Group has developed strategies and policies to address its climate-related risks and opportunities, as well as metrics and targets to track our progress and performance. Going forward, we have set the following environmental targets:

- Measure our baseline consumption in FY2023 through surveying and quantifying our environmental impact, and reduce consumption by 10% of the baseline over the next three years, on per unit delivered and service basis;
- Incorporate sustainable features, where feasible, in our facilities and maintain the usage per unit delivered and repaired within 10% of baseline;
- Enhance energy efficiency by further transitioning to energy efficient lighting and air conditioning; and
- Encourage recycling, double-sided printing and paperless documentation where possible.

GHG Emissions



At this juncture, our main operations in China are located far from shores and rivers. As such, the Group faces limited risk from flooding in extreme weather. The Board will continue to assess and monitor the risks and opportunities arising from climate change and refine our strategies to enhance our business climate resilience.

In light of recent global and local developments, we will be undertaking a study during FY2023 to understand climate-related risks and opportunities for our business. We will base our study on the recommendations of the Task Force on Climate-Related Financial Disclosures and will integrate and progressively disclose climate reporting in subsequent sustainability reports.

Environmental

Energy and Water Conservation

Our energy consumption is primarily electricity for lighting, air-conditioning and heating in our offices, showrooms and servicing workshops, as well as from the operation of equipment in our servicing workshops. We measure our energy consumption monthly to enable better control and analysis of usage so that we can identify and rectify cases of excessive usage within a suitable timeframe.

To conserve energy and achieve cost savings, all our facilities, including the service centre that is still undergoing construction, are fitted with energy-efficient LED lights and motion sensor lights for areas that are not often in use. Our employees are also reminded to switch off the lights, air-conditioning, heating and operating equipment when not in use. The air-conditioning is set at a fixed temperature and undergoes regular maintenance to ensure optimal performance. We regularly seek ways to reduce our energy consumption.

Notably, two of our BMW dealerships were designed with green features. The building allows the optimum amount of natural light through and this lowers our energy usage. We will evaluate and consider fitting sustainable features such as solar panel systems to the other dealerships that we own or have long term leases.

Luxury cars require more fuel to deliver the performance desired by customers as compared to conventional vehicles. As a distributor, we have no control over fuel efficiency of these vehicles after the sale. However, in exploring new automobile brands to distribute, we are increasingly looking out for brands with strong electrification strategies as part of our sustainability strategy.

One such example is our newest brand, Genesis, which we started distributing in August 2022. Genesis is focused on creating EVs that are dynamic and elegant with cutting-edge technology and low carbon footprint. It aims to establish itself as a 100% zero emission vehicle brand by 2030 and is pursuing full electrification and carbon net zero by 2035[1]. As the exclusive Genesis partner in Guangzhou and Changsha, we aim to further promote sustainable transportation to the customers in the regions we operate in line with the growing demand for green mobility.

In the area of water consumption, ours stem mainly from servicing and automobile detailing services. Our efforts to reduce waste include regular checks for leaks in our washrooms or pipes at our servicing workshops, using water-efficient equipment such as aerated faucets to reduce water flow and facilitate water recycling and reuse.

Waste Management

On 28 November 2022, an environmental fine of RMB100,000 was levied on TCA's Guangzhou BMW store by the Guangzhou Ministry of Ecology and Environment for the mishandling of dangerous industrial waste products such as discarded engine oil and other mechanical fluids. Even though these waste products were disposed of by a professional waste management company as required by environmental ordinances, they were not properly segregated from the regular waste products and were without labels during storage.

TCA takes all offences seriously and has since enhanced its Guangzhou BMW waste product storage room to ensure its industrial and dangerous waste products, regular waste products and discarded batteries have proper segregation walls and are properly labelled. The Guangzhou Ministry of Ecology and Environmental has inspected and is satisfied with the remediated waste storage room.

We continue to implement proper waste treatment and disposal processes in accordance with the respective local regulatory standards and ensure that all our employees adhere to the appropriate protocols.

Air Pollution Control

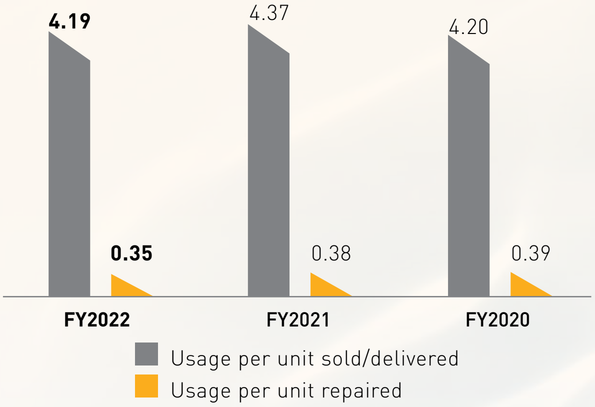
Our carbon emissions are generated from the use of electricity and motor fuel. We have implemented several energy-saving control measures to manage energy consumption in an effort to minimise the amount of air pollutants produced. Among others, we regularly perform maintenance checks on our equipment to optimise energy efficiency and practise proper disposal of biodegradable products used at our workshops.

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain or reduce energy and water consumption rate • Optimise waste generated in operations	• No material changes in energy and water consumption intensity • No material changes in waste generated	• To measure our baseline consumption through surveying and quantifying our environmental impact. Thereafter, to implement usage savings efforts where necessary • Where economically viable, new stores to incorporate energy, fuel and water savings technologies

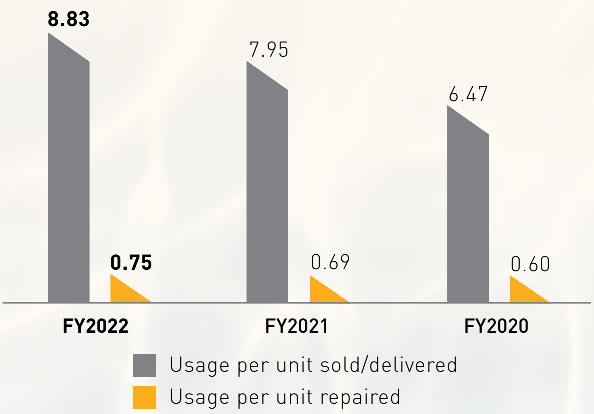
1 https://www.genesis.com/worldwide/en/genesis/brand/vision.html

OUR ENVIRONMENTAL PERFORMANCE

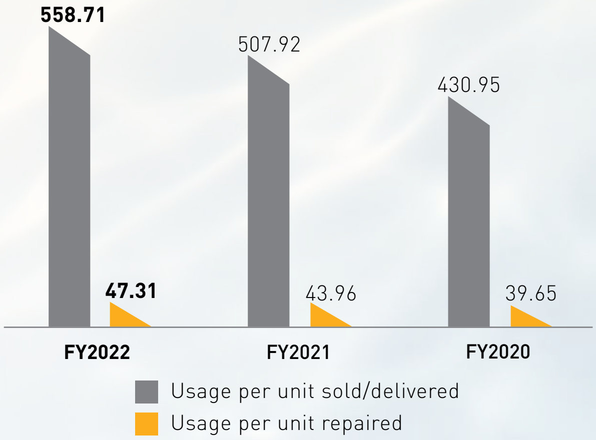
Water consumption (tonnes)



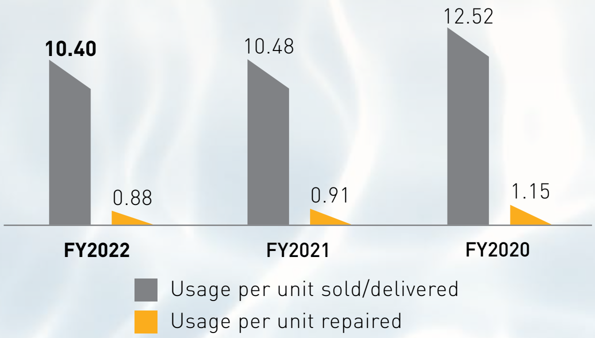
Natural gas consumption (Nm^3)



Electricity consumption (kWHr)



Fuel (litres)



Waste Generated (tonnes)

Category	FY2022	FY2021	FY2020
Engine Oil	**207**	189	154
Battery	**16**	8	15
Incinerated Waste	**72**	54	35
Total	**295**	251	204

Notes:
1 2022: Based on a total of 10,035 units delivered, including new and pre-owned car sales, and cars delivered under the agency arrangement, and 118,503 throughput units.
2 2021: Based on a total of 10,771 units sold and 124,443 throughput units.
3 2020: Based on a total of 10,143 units sold and 110,249 throughput units.

People

Our workforce is the engine that drives our success. We strive to foster a positive and conducive work culture by taking care of our employees' wellbeing and promoting work life balance. We advocate fair and best employment practices for all. By providing a safe and inclusive workplace and opportunities for professional development, our employees are encouraged to realise their full potential.

Although the nature of the automobile industry generally tends to require and attract male employees, we neither discriminate by gender nor age, ethnicity or religion. We also do not discriminate against people with disabilities and have actively participated in local programmes to hire persons with special needs who are still able to function effectively in the respective roles that they are hired for. We currently have employees with disabilities and special needs across our Foshan, Shenzhen and Guangzhou BMW dealerships.

Employment Policies

Our focus is to build and retain a talented and skilled workforce to drive operational performance. To do so, we aim to hire and develop talents who are passionate and motivated to deliver exceptional service to our customers.

Our employee handbook covers our human resource policies and corporate culture as well as the values that we inculcate at our workplace. We promote teamwork, collaboration, inclusivity and mutual trust among team members and supervisors. To build and maintain a harmonious work environment, we encourage open communication so that employees can raise any concerns and feedback to the management as well as clear up any misunderstandings or grievances raised.

Furthermore, we offer competitive remuneration packages and employee benefits to attract and retain talent. These include providing insurance cover, medical benefits, maternity and paternity leave, and childcare leave for our permanent employees. The management reviews our human resource policies regularly to ensure they remain relevant and effective.

In FY2022, we employed a total of 1,018 employees, of which 62% were males and 38% were females (FY2021: 961 employees; 63% male; 37% female). The number of employees who left in FY2022 was 314, resulting in a turnover rate of 24%, at the same rate as the preceding year.

Training and Development

We offer skills upgrade to our workforce to ensure their skills are up-to-date and in line with industry practices. This also helps in their career development. All employees are required to undergo training specific to their job scope, which is either provided in-house or through external courses and programmes according to their training needs.

Our training activities include:

- Orientation for new hires to help them integrate smoothly into the organisation and familiarise themselves with their roles;
- Compulsory technical and safety training to obtain the mandated courses and certifications for employees working in roles that require them;
- Job rotation to train and develop our trainee managers so that they are familiar with all operational aspects of a dealership; and
- Building and developing organisational skills and knowledge.

Additionally, we conduct annual performance appraisals with our employees to better understand and identify their developmental needs. These reviews are evaluated fairly and objectively where areas for improvement as well as achievements are highlighted and acknowledged. The results of such reviews form the basis for salary increments and promotions.

We review our training programmes regularly to ensure our employees are equipped with job-related competencies to serve our customers better. In FY2022, our average hours of training per employee was 10.55 hours, as compared to 9.43 hours in the preceding year.

The Company had also arranged for all the Directors to undergo training on the sustainability. All Directors of the Company have attended and completed the sustainability training organised by the Singapore Institute of Directors in FY2022.

Health and Safety Measures

Ensuring the health and safety of our employees and customers remain the utmost priority for us. We have an Operational Health and Safety committee that oversees the health and safety protocols and standards in our Group. The committee is responsible for supervising and ensuring our operations, such as test drives for our customers, are carried out safely and in compliance with the regulatory safety standards.

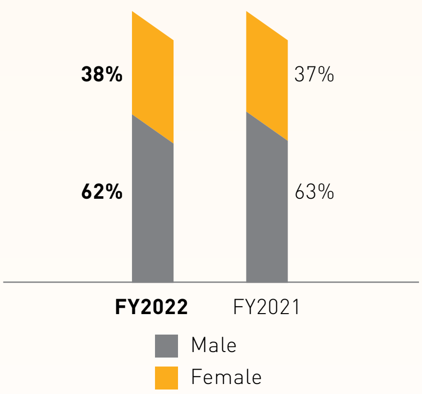
We have stringent safety measures to avoid injuries and mishaps in our workshops. Compulsory safety briefings and trainings are provided for technicians and mechanics. Established emergency preparedness measures such as periodic fire safety and evacuation drills are conducted so that employees are able to respond safely in the event of such occurrences. Our facilities are also fitted with equipment and first aid kits to handle accidents such as minor injuries, fires and chemical spills.

We continue to advise our employees to monitor their health and maintain good personal hygiene, especially since the COVID-19 situation remains fluid. At our facilities, precautionary measures such as safe distancing, temperature checks, safe entry and exit and frequent cleaning and disinfection remain in force. With the hybrid work arrangement, we have provided all necessary resources such as laptops and secure Internet connections to facilitate employees working from home. Since the easing of the zero-COVID restrictions in China, we continued to stay vigilant with our health protocols to protect the safety of our customers, employees and visitors to our stores.

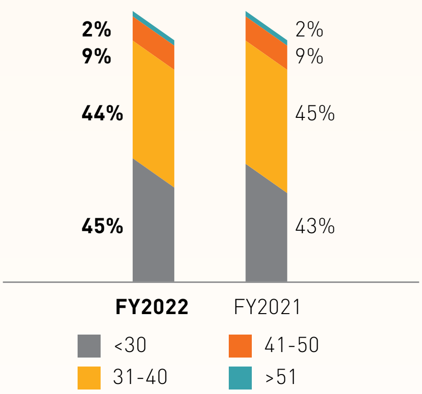
We will review our risk management and business continuity plan to improve our preparedness and response to future public health crises.

OUR PEOPLE PERFORMANCE

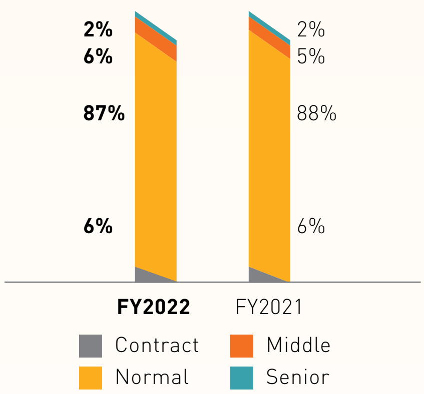
Gender Diversity



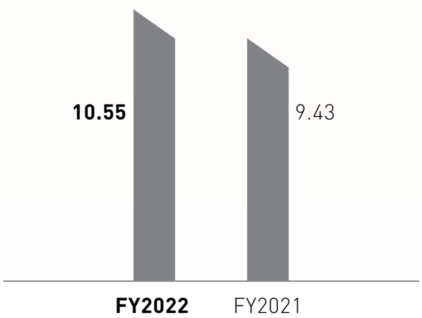
Age Group



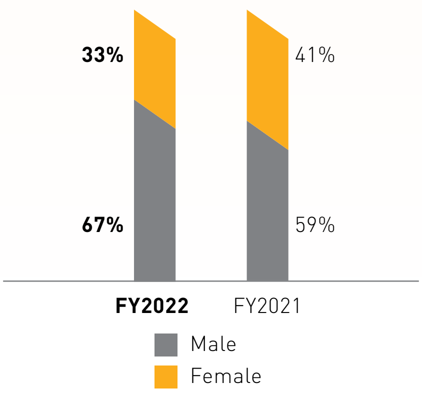
Employment Category



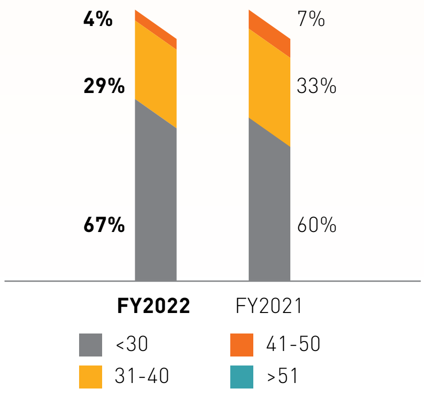
Average Training Hours per Employee



Turnover Rate by Gender



Turnover Rate by Age Group



Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain a zero-accident workplace • Maintain or improve employee retention rate	• Zero reportable accidents • Maintained turnover rate for full-time employees	• Maintain a zero-accident workplace • Maintain or improve employee retention rate

Customers

Establishing strong and loyal customer relationships is very important in our line of work. Our goal is to provide our customers with an enjoyable experience from the point of sale to after-sales.

Representing the BMW, McLaren and Genesis brands, TCA owns and operates nine dealerships across geographically prosperous cities in China including Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan. With an expanding portfolio of leading automotive brands and world-class facilities, we aim to exceed customer expectations through consistent product quality, timely delivery, competitive pricing and excellent pre-sales and after-sales service.

Quality Services

As a dealer of luxury supercars, our sales are mostly from affluent customers who generally have a refined sense of style on top of having high expectations about service quality. This is why we offer a sophisticated yet welcoming space at all our dealerships to make a good first impression on our customers.

We support our customers throughout their journey with us. The first touchpoint is with our sales consultants and customer service officers, who go through customer service training as well as training by our automobile OEMs to ensure their competence and knowledge about the brands they are selling. Our sales consultant will accompany the customer through each step of the buying process, from assisting with automobile registration to financing and insurance. They are also trained to address and resolve customer queries and needs in a swift and timely manner.

We create special moments for our customers by holding elaborate ceremonies to commemorate the delivery of their vehicles and to welcome them into an an exclusive and elite lifestyle. Due to the pandemic, we had scaled back such ceremonies by limiting the number of guests in attendance and holding the parties outdoors for better air circulation.

Our relationship with our customer does not stop when the purchase is completed. Instead, our Customer Relationship Management team will continue to follow up and build long-term relationships with our customers. We have a "Dealer Management System" to analyse detailed records of transaction history and customer preferences to better understand their needs. This enables us to develop targeted and customised interactions with each customer.

We actively engage our customers before, during and after the purchase to offer a holistic purchasing experience. Our service standards are on par with the highest quality standards that define the luxury cars we sell. Nevertheless, we constantly seek to do even better through collecting feedback from multiple channels, including in-store interviews and our customer service hotline.

After-Sales Services

Our Group provides after-sales services in the form of regular maintenance and repair services and sale of automobile parts and accessories. We proactively contact each customer and send periodic reminders of upcoming maintenance checks. Our "Dealer Management System" allows us to keep track of the maintenance history of each vehicle to carry out repairs and maintenance efficiently. All our technicians are required to attend training courses to ensure service standards are kept.

a. **Maintenance and repair services**
   We repair manufacturer's defects, replace parts due to wear and tear, conduct oil changes and other safety-related maintenance. We also offer automobile detailing services as part of our after-sales service to our customers.

b. **Sale of automobile parts and accessories**
   We retail automobile parts and accessories from the automobile OEMs so that customers are assured of their quality, safety and performance. We also retail merchandise that features the automobile brands that we carry.

Pre-Owned Car Sales

In light of recent policy changes relating to pre-owned cars, the Group has started taking inventory of selected used cars to do light refurbishment before resale. We only take in pre-owned automobiles that meet certain criteria, such as condition, mileage and the time period for which it has been in use. This ensures that every pre-owned automobile that leaves our premises meets the highest standards of quality, reliability and performance.

Quality Control

Before delivering the automobile to the customer, we conduct a thorough pre-delivery inspection to check for any discrepancies or non-conformance of requirements and specifications to the delivery order. Once the condition of the automobile is ascertained as satisfactory, we will proceed to register and deliver the automobile. The same quality control checks are conducted as part of our after-sales services.

Our automobile OEMs also does routine visits and schedule regular audits on each operation segment to ensure compliance to the retail standards. We have consistently received positive feedback from such inspections and audits over the years.

We conduct regular customer surveys both in-house and by the automobile OEMs to gain further insight from our customers. Through the information gathered, we are able to gauge customer satisfaction levels and identify areas for improvement. We also have internal escalation procedures to address customer complaints.

Marketing and Sales

Throughout the year, we plan marketing initiatives to attract quality prospective customers and to engage existing customers. These include offering complimentary gifts and lucky draws, organising promotional and interactive events such as monthly Customer Experience Days, Cars and Coffee mornings and track days for our BMW and McLaren customers. We work closely with our automobile OEMs to plan the type of marketing and promotion activities according to the direction set by them. We also promote sales of our pre-owned automobiles on social media platforms such as WeChat.

Since the onset of COVID-19, such activities had been scaled back due to prevailing restrictions. Now that China has lifted the curbs, we look forward to ramping up our marketing and sales activities again.

Establishing an effective marketing strategy helps us work towards our goals and targets while strengthening our customer relationships. On top of the ongoing marketing activities, we will also explore technology and digital solutions in the marketing space to further elevate our presence and brand reputation at the global stage.

Customer Privacy

In line with the Consumer Rights and Interests Protection Law of the People's Republic of China, we have implemented data governance strategies to safeguard our customers' data and privacy.

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain zero incidents of non-compliance with customers' data and privacy	• Zero cases of non-compliances	• Maintain zero incidents of non-compliance with customers' data and privacy

Community

As a responsible corporate citizen, we aim to be a positive force in the community by contributing to various local initiatives.

Internship Support Programme

Over the last few years, we partnered with several local technical schools to provide internship opportunities for fresh graduates to gain practical, hands-on work experience. Our internship programmes range from a minimum of six months up to a maximum of 12 months. The programmes equip the interns with soft skills such as problem solving, critical thinking, communication as well as technical skills.

We provide the interns with basic salaries, accommodation arrangements and expenses, further technical education and in some cases, we also sponsor their participation in BMW certification programmes. In FY2022, we hired 36 fresh graduates.

Governance

We are committed to cultivating high standards of corporate governance and accountability to all our stakeholders. We do so by complying with the Catalist Rules as well as the laws and regulations of the host countries where our operations are located.

At TCA, we have a Code of Conduct (the "**Code**") handbook which sets out the expected standards of conduct, policies and practices across the financial, operational and compliance aspects of our business. The Code also guides our employees in carrying out their duties and responsibilities to the highest standards of personal and corporate integrity. Among the key areas of concern highlighted in the Code are rules for workplace health and safety, workplace and business conduct, confidentiality of information and conflict of interest.

We continue to provide timely and accurate disclosure of material corporate information by posting all our material announcements on SGXNet and the Company's website. At the same time, shareholders with feedback or queries about our business operations or financial performance may email our Investor Relations representative listed on our website or raise their concerns before our annual general meeting. We strive to maintain an open channel of communication to build trust with our shareholders.

Besides that, our Company has a whistleblowing policy that provides our employees with a channel to raise complaints, concerns or issues relating to the activities and affairs of the Group or any improper conduct of any employee or management of the Group through accessible confidential disclosure channels.

We have zero-tolerance for fraud, bribery and corruption and expect all our employees to uphold high standards of integrity and professionalism in their business dealings.

Target for FY2022	Performance in FY2022	Target for FY2023
• Maintain zero incidents of fraud, bribery or corruption • Maintain zero incidents of non-compliance and employee misconduct	• Zero incidents of fraud, bribery or corruption • Zero incidents of non-compliance and employee misconduct	• Maintain zero incidents of fraud, bribery or corruption • Maintain zero incidents of non-compliance and employee misconduct

GRI Disclosure Index

Statement of use	Trans-China Automotive Holdings Limited has reported the information cited in this GRI content index for the period 1st January 2022 to 31st December 2022 with reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Disclosure Title	Page Reference & Remarks
GRI 2: GENERAL DISCLOSURES		
The organisation and its reporting practices		
2-1	Organisational details	Annual Report - Corporate Profile
2-2	Entities included in the organisation's sustainability reporting	Sustainability Report - About this report
2-3	Reporting period, frequency and contact point	Sustainability Report - About this report
2-4	Restatements of information	There are no restatements in this report.
2-5	External assurance	While we have not obtained external assurance for this report, we have relied on internal verification to ensure the accuracy of our data and have reported them in good faith and to the best of our knowledge.
Activities and workers		
2-6	Activities, value chain and other business relationships	Annual Report - Business Overview
2-7	Employees	Sustainability Report - People
2-8	Workers who are not employees	Not applicable
Governance		
2-9	Governance structure and composition	Annual Report - Corporate Governance report Sustainability Report - Sustainability Approach - Sustainability Team and Responsibility and Governance
2-10	Nomination and selection of the highest governance body	Annual Report - Corporate Governance report
2-11	Chair of the highest governance body	Annual Report - Corporate Governance report
2-12	Role of the highest governance body in overseeing the management of impacts	Annual Report - Corporate Governance report
2-13	Delegation of responsibility for managing impacts	Sustainability Report - Sustainability Approach - Sustainability Team and Responsibility
2-14	Role of the highest governance body in sustainability reporting	Annual Report - Corporate Governance report
2-15	Conflicts of interest	Annual Report - Corporate Governance report
2-16	Communication of critical concerns	Sustainability Report - About this report
2-17	Collective knowledge of the highest governance body	Annual Report - Corporate Governance report
2-18	Evaluation of the performance of the highest governance body	Annual Report - Corporate Governance report
2-19	Remuneration policies	Annual Report - Corporate Governance report Sustainability Report - People

GRI Standard	Disclosure Title	Page Reference & Remarks
GRI 2: GENERAL DISCLOSURES (cont'd)		
Governance (cont'd)		
2-20	Process to determine remuneration	Annual Report - Corporate Governance report Sustainability Report - People
2-21	Annual total compensation ratio	We choose not to disclose as we reward based on meritocracy
2-22	Statement on sustainable development strategy	Sustainability Report - Board Statement
2-23	Policy commitments	Annual Report - Corporate Governance report
2-24	Embedding policy commitments	Annual Report - Corporate Governance report
2-25	Processes to remediate negative impacts	Sustainability Report - Governance
2-26	Mechanisms for seeking advice and raising concerns	Sustainability Report - Governance
2-27	Compliance with laws and regulations	Sustainability Report - Governance
2-28	Membership associations	China Automobile Dealers Association
Stakeholder engagement		
2-29	Approach to stakeholder engagement	Sustainability Report - Stakeholders
2-30	Collective bargaining agreements	None of our employees have joined a trade union
GRI 3: MATERIAL TOPICS		
3-1	Process to determine material topics	• Materiality • Economic • Environmental • People • Customers • Community • Governance
3-2	List of material topics	
3-3	Management of material topics	
GRI 200: ECONOMIC		
Economic Performance		
201-1	Direct economic value generated and distributed	Annual Report - Financial Highlights and Financial Reports
Indirect Economic Impacts		
203-1	Infrastructure investments and services supported	Sustainability Report - Community
203-2	Significant indirect economic impacts	Sustainability Report - People and Community
Anti-corruption		
205-3	Confirmed incidents of corruption and actions taken	Sustainability Report - Governance
Anti-competitive Behaviour		
206-1	Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices	No occurrence during our period of review
GRI 300: ENVIRONMENTAL		
Energy		
302-1	Energy consumption within the organisation	Sustainability Report - Environmental

GRI Disclosure Index

GRI Standard	Disclosure Title	Page Reference & Remarks
GRI 2: ENVIRONMENTAL (cont'd)		
Water and Effluents		
303-1	Interactions with water as a shared resource	Sustainability Report - Environmental
303-5	Water consumption	Sustainability Report - Environmental
Emissions		
305-1	Direct (Scope 1) GHG emissions	Sustainability Report - Environmental
305-2	Energy indirect (Scope 2) GHG emissions	Sustainability Report - Environmental
Waste		
306-1	Waste generation and significant waste-related impacts	Sustainability Report - Environmental
306-2	Management of significant waste-related impacts	Sustainability Report - Environmental
306-3	Waste generated	Sustainability Report - Environmental
Environmental Compliance		
307-1	Non-compliance with environmental laws and regulations	No occurrence during our period of review
GRI 400: SOCIAL		
Employment		
401-1	New employee hires and employee turnover	Sustainability Report - People
Occupational Health and Safety		
403-1	Occupational health and safety management system	Sustainability Report - People
403-2	Hazard identification, risk assessment, and incident investigation	Sustainability Report - People
403-3	Occupational health services	Sustainability Report - People
403-4	Worker participation, consultation, and communication on occupational health and safety	Sustainability Report - People
403-5	Worker training on occupational health and safety	Sustainability Report - People
403-6	Promotion of worker health	Sustainability Report - People
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Sustainability Report - People
403-9	Work-related injuries	No occurrence during our period of review
Training and Education		
404-1	Average hours of training per year per employee	Sustainability Report - People
404-2	Programs for upgrading employee skills and transition assistance programs	Sustainability Report - People
404-3	Percentage of employees receiving regular performance and career development reviews	Sustainability Report - People
Diversity and Equal Opportunity		
405-1	Diversity of governance bodies and employees	Sustainability Report - People

GRI Standard	Disclosure Title	Page Reference & Remarks
GRI 400: SOCIAL (cont'd)		
Local Communities		
413-1	Operations with local community engagement, impact assessments, and development programs	Sustainability Report - Community
413-2	Operations with significant actual and potential negative impacts on local communities	Sustainability Report - Community
Customer Health and Safety		
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services	No occurrence during our period of review
Customer Privacy		
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	No occurrence during our period of review
Socioeconomic Compliance		
419-1	Non-compliance with laws and regulations in the social and economic area	No occurrence during our period of review

Corporate Governance Report

INTRODUCTION

The Board of Directors (the "**Board**") of Trans-China Automotive Holdings Limited (the "**Company**") and its subsidiaries (collectively the "**Group**") are committed to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 2018 (the "**Code**") can be seen from the Directors' and Management's effort to observe high standards of transparency, accountability and integrity in managing the Group's business in order to create value for its stakeholders and safeguard the Group's assets.

The Company has complied with the principles and recommendations of the Code, the accompanying Practice Guidance and other applicable laws, rules and regulations, including the Listing Manual Section B: Rules of the Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") and the Board is pleased to report compliance of the Company with the Code except where otherwise stated.

For the financial year ended 31 December 2022 ("**FY2022**"), the Group has conformed to the Principles of the Code and strives to comply with the Provisions set out in the Code and where it has deviated from the Provisions set out in the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

BOARD MATTERS

The Board's Conduct of Affairs

Principle 1: The company is headed by an effective Board which is collectively responsible and works with Management for the long-term success of the company.

The Company is headed by an effective Board, comprising individuals with diversified backgrounds and who collectively brings with them a wide range of experience, to lead and manage the Group. The Board is responsible for the overall management and success of the Group to protect shareholders' interests and enhance long-term shareholders' value.

Apart from its statutory responsibilities, the principal functions of the Board are, *inter alia*, to:

(i) provide entrepreneurial leadership, set strategic objectives, and ensure that the necessary financial and human resources are in place for the Group to meet its objectives;

(ii) establish a framework of prudent and effective controls which enables risk to be assessed and managed, including safeguarding of shareholders' interests and the Company's assets;

(iii) review performance of Management, the Company's financial performance, risk management processes and systems, human resource requirements and corporate governance practices;

(iv) identify the key stakeholder groups and recognise that their perceptions affect the Company's reputation;

(v) set the Group's values and standards (including ethical standards), and ensure that obligations to the shareholders and other stakeholders are understood and met; and

(vi) consider sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

Corporate Governance Report

All Directors objectively discharge their duties and responsibilities at all times as fiduciaries in the interests of the Company. The Board puts in place a code of conduct and ethics, set desired organisational culture and ensures proper accountability within the Group. Where a Director faces a conflict of interest, he would recuse himself from discussions and decisions involving the issues of conflict.

To assist in the execution of its responsibilities, the Board has established Board Committees, namely Audit and Risk Committee ("**ARC**"), Nominating Committee ("**NC**") and Remuneration Committee ("**RC**"). These Board Committees function within clearly defined terms of references and operating procedures, which are reviewed by the Board on a regular basis to enhance the effectiveness of these Board Committees. The roles and responsibilities of these Board Committees are provided for in the latter sections of this Corporate Governance Report.

The Board meets on a regular basis as and when necessary, to address any specific significant matters that may arise.

The Company will conduct comprehensive and tailored induction orientation programme for incoming Directors on joining the Board to familiarise them with the Group's business and governance practices. The Company will also arrange for any new Director with no prior experience of serving as a Director in a listed company to attend appropriate courses, conferences or seminars, including programmes or courses organised by the Singapore Institute of Directors within one (1) year of appointment in accordance to Rule 406(3)(a) of the Catalist Rules or other training institutions in areas such as accounting, legal and industry-specific knowledge.

A newly appointed director will be furnished with a formal letter of appointment and upon his/her appointment be given opportunities to receive appropriate briefing or material to ensure that he/she is aware of the roles and responsibilities of a Director of a public listed company in Singapore and training to familiarise with the Group's business and governance practices.

The Directors are provided with information relating to corporate conduct and governance including continuing disclosure requirements as required by the Catalist Rules, disclosure of interests in securities, restrictions on disclosure of confidential or price sensitive information, etc. The Board has received updates on changes in Catalist Rules, regulatory requirements, corporate governance guidelines and best practices on a regular basis.

All Directors are also encouraged to receive regular training such as professional development on new laws, regulations and changing commercial risks from time to time which are relevant to the Group, so as to enable them to contribute effectively to the Board or Board Committees. The training courses related to the aforesaid will be arranged and funded by the Company.

Save for Mr Henry Tan and Mr David Leow, all Directors of the Company with no prior experience as Directors of the public listed companies in Singapore prior to the listing of the Company on 11 November 2021 (being Mr Francis Tjia, Mr Michael Cheung, Mr Steven Petersohn) have attended and completed the training programmes organised by the Singapore Institute of Directors as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules.

The Company had also arranged for all the Directors to undergo training on the sustainability. All Directors of the Company have attended and completed the sustainability training organised by the Singapore Institute of Directors in FY2022.

Pursuant to the Memorandum and Articles of Association of the Company, the Directors of the Company may participate in any meeting of the Board or any Board Committees, which may be held by means of telephonic, electronic or other communication facilities, allowing all persons participating in the meeting to communicate with each other simultaneously and instantaneously.

Corporate Governance Report

The number of meetings held by the Board and Board Committees during FY2022 and the attendance of each Director where relevant is as follows:

Type of meetings	Annual General Meeting	Board	ARC	NC	RC
No. of meetings	1	3	4	1	1
Attendance					
Mr Francis Tjia	1/1	3/3	4/4	1/1	1/1
Mr Michael Cheung	1/1	3/3	4/4	1/1	1/1
Mr David Leow	1/1	3/3	4/4	1/1	1/1
Mr Henry Tan	1/1	3/3	4/4	1/1	1/1
Mr Steven Petersohn	1/1	3/3	4/4	1/1	1/1

The Board has identified the following areas for which the Board has direct responsibility for decision making within the Group:

- Approval of the Group's major investments/divestment and funding decisions;
- Approval of the Group's interim and full-year financial result announcements for release to the SGX-ST;
- Approval of any agreement which is not in the ordinary course of business;
- Approval of any major borrowings or corporate guarantees in relation to borrowings;
- Entering into any profit-sharing arrangement;
- Entering into any foreign exchange hedging transactions;
- Appointment or removal of any key executive and legal representative;
- Incorporation or dissolution of any subsidiary;
- Issuance of shares or declaration of dividends and other returns to shareholders;
- Approval of the annual report and audited financial statements;
- Convening of general meetings;
- Approval of corporate strategies;
- Approval of material acquisitions and disposal of assets;
- Approval of transactions involving interested person;
- Appointment of new Directors; and
- Approval of announcements or press releases concerning the Group for release to the SGX-ST.

Corporate Governance Report

The Management provides the Board with complete, adequate and timely information prior to meetings to enable the Directors to make timely decisions, effectively discharge its duties and make a balanced and informed assessment of the performance, position and prospects of the Company.

The Board has separate and independent access to the key management personnel of the Group at all times. Request for information is dealt promptly by the Management. In addition, the Board is kept informed of all material events and transactions as and when they occur to enable the Board to function effectively and to fulfil its responsibilities. The information made available to the Directors include interim and full-year financial results, progress reports of the Group's operations, corporate development, regulatory updates, business developments and audit reports. The Management also consults board members regularly whenever necessary and appropriate. The Board is issued with board papers in a timely manner prior to board meetings to enable Directors to consider the issues and to obtain additional information or explanation from the Management, if necessary.

The calendar of Board and Board Committees meetings are planned in advance. Draft agendas for meetings of the Board and Board Committees are also circulated in advance to the respective Chairman of the Board and Board Committees, in order for them to suggest items for the agenda and/or review the usefulness of the items in the proposed agendas.

The Directors also have separate and independent access to the Company Secretary. The role of the Company Secretary and her representatives are to administer, attend and prepare minutes of Board and Board Committees' meetings, assist the Chairman in ensuring that board procedures are followed and that the Company's Memorandum and Articles of Association of the Company, Catalist Rules and other relevant rules and regulations applicable to the Company are complied with. The Company Secretary and her representatives attend all Board and Board Committees' meetings. The decision in appointment and removal of the Company Secretary is decided by the Board as a whole.

The Board in fulfilling its responsibilities could as a group or as individuals, when deemed fit, direct the Company to appoint independent professional advisers or seek professional advice and the costs will be borne by the Company.

Board Composition and Guidance

Principle 2: The Board has an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the company.

The current Board consists of five (5) members comprising the Executive Chairman, who is also the Chief Executive Officer ("**CEO**") of the Company, one (1) Executive Director, who is also the Chief Financial Officer ("**CFO**") of the Company, and three (3) Non-Executive and Independent Directors:

Name of Directors	Designation	ARC	NC	RC
Mr Francis Tjia	Executive Chairman and CEO	–	Member	–
Mr Michael Cheung	Executive Director and CFO	–	–	–
Mr David Leow	Non-Executive and Lead Independent Director	Member	Chairman	Member
Mr Henry Tan	Non-Executive and Independent Director	Chairman	Member	Member
Mr Steven Petersohn	Non-Executive and Independent Director	Member	Member	Chairman

Corporate Governance Report

The Board considers an "Independent Director" as one who is independent in conduct, character and judgement, and has no relationship with the Company, its related corporation, its substantial shareholders of not less than 5% of the total votes attached to all voting shares (excluding treasury shares) in the Company, or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the Director's independent business judgement to the best interests of the Company.

On an annual basis, each Director is required to complete a 'Confirmation of Independence' form to confirm his independence. The form was drawn up based on the definitions and guidelines set forth in the Code and the NC Guide issued by Singapore Institute of Directors. The Directors are required to disclose to the Board any such relationship as and when arises and the Board will state the reasons if it determines that a Director is independent notwithstanding the existence of relationships or circumstances which may appear otherwise.

The NC has reviewed the forms completed by each Director and is satisfied that all the Independent Directors of the Company are independent in accordance with Provision 2.1 of the Code and Rule 406(3)(d) of the Catalist Rules. In this respect, the Company complies with Provisions 2.2 and 2.3 of the Code where Non-Executive and Independent Directors make up a majority of the Board where the Chairman of the Board is not independent.

To facilitate a more effective review of Management, the Non-Executive and Independent Directors communicate on an ad-hoc basis without the presence of the Management and Executive Directors to discuss the performance of the Management and any matters of concern.

The Board regularly examines its size and after taking into account the scope and nature of the Group's operations, the diversified background and experience of the Directors that provide core competencies in areas such as finance or accounting, legal, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge. In concurrence with the NC, the Board is satisfied that it is of an appropriate size to facilitate effective decision-making in the best interests of the Group.

The Board has adopted a Board Diversity Policy on 22 April 2023 to assist the NC and the Board in identifying prospective candidates for directorship that meet the criteria as determined by the NC and that support the diversity's objectives. The Board Diversity Policy promotes the diversity among the Directors in order to improve performance. This diversity includes the range of skills, business and industry experience and knowledge, gender, age, ethnicity, geographic background, length of service, and other distinctive qualities of the board members.

In implementing the Board Diversity Policy, the NC will take into account the Company's diversity objectives and the diverse nature of the business environment in which the Company operates whilst maintaining flexibility to address succession planning and to ensure that the Company continues to attract and retain qualified individuals to serve on the Board. As there is currently no female Director appointed to the Board, the Board does not rule out the possibility of appointing a female Director if a suitable candidate is nominated for the Board's consideration. The profile of each Director including their academic and professional qualifications and other appointments is presented on pages 19 to 21 of this Annual Report.

Although all the Directors have an equal responsibility for the Group's operations, the role of the Non-Executive and Independent Directors is particularly important in ensuring that the strategies proposed by Management are constructively challenged, taking into account the long-term interests of shareholders. The Non-Executive and Independent Directors participate actively during Board and Board Committees' meetings and would constructively challenge and help to develop proposals on short-term and long-term business strategies and review the performance of the Management in meeting agreed goals and objectives and monitor the reporting of performance.

To-date, none of the Independent Directors have served on the Board beyond nine years from the date of his appointment.

Corporate Governance Report

Chairman and Chief Executive Officer

Principle 3: There is a clear division of responsibilities between the leadership of the Board and Management, and no one individual has unfettered powers of decision-making.

The Executive Chairman and the CEO of the Company is Mr Francis Tjia.

Mr Francis Tjia has extensive experience in the automobile industry and plays an instrumental role in shaping the strategic direction of the Group. As the Executive Chairman of the Company, Mr Francis Tjia ensures that board meetings are held half yearly of the financial year and as and when necessary, sets board meeting agenda, promotes a culture of openness and debate at the Board and ensures that adequate time is available for discussion of all agenda items, in particular strategic issues. He ensures that board members are provided with complete, adequate and timely information on a regular basis to enable them to be fully cognizant of the affairs of the Group as well as effective communication with shareholders. He encourages constructive relations and effective contribution within the Board and between the Board and the Management. He also takes a leading role in ensuring that the Company strives to achieve and maintain high standards of corporate governance and an appropriate balance of power, increased accountability, and greater capacity of the Board for independent decision making.

As the CEO of the Company, Mr Francis Tjia is responsible for the effective management and supervision of daily business operations of the Group in accordance with the strategies, policies, budget and business plans as approved by the Board. The major decisions are made in consultation with the Board, a majority of which comprises Non-Executive and Independent Directors. The Board is of the opinion that the process of decision-making by the Board has been independent and has been based on collective decision without any individual or small group of individuals dominating the Board's decision-making.

The Non-Executive and Independent Directors are encouraged to meet periodically without the presence of the Executive Directors and/or the Management and led by the Lead Independent Director. The Lead Independent Director will provide feedback to the Chairman of the Board after such meetings, where appropriate. The Non-Executive and Independent Directors had met at least once a year, without the presence of Management so as to facilitate a more effective check on Management.

In line with Provision 3.3 of the Code, Mr David Leow is appointed as the Lead Independent Director to provide leadership in situations where the Executive Chairman is conflicted and especially when the Executive Chairman is not independent. This is to promote high standards of corporate governance and effective communication between the shareholders and the Company. Mr David Leow is available to shareholders who may have concerns with regards to the Group and for which contacts through the normal channels of communication with the Executive Chairman or Management has failed to resolve issues or for which such contact is inappropriate or inadequate.

Board Membership

Principle 4: The Board has a formal and transparent process for the appointment and re-appointment of Directors, taking into account the need for progressive renewal of the Board.

The Company has established a NC to make recommendations to the Board on all board appointments and re-appointments. The NC comprises the following four (4) Directors, majority of whom are Non-Executive and Independent Directors:

Mr David Leow (Chairman)
Mr Henry Tan (Member)
Mr Steven Petersohn (Member)
Mr Francis Tjia (Member)

Corporate Governance Report

The Company is in compliance with Provision 4.2 of the Code, where Mr David Leow, the Lead Independent Director of the Company, is also the Chairman of the NC.

The NC is governed by the NC's Terms of Reference which describes the duties and functions of the NC. The main objective of the NC is to build a strong and independent Board and ensure a formal and transparent process for the appointment and reappointment of Directors, taking into account the need for progressive renewal of the Board.

The roles and functions of the NC are:

1) making recommendations to the Board on relevant matters relating to: (i) the review of board succession plans for Directors, in particular, the appointment and/or replacement of the Executive Chairman, the CEO and key management personnel; (ii) the process and criteria for evaluation of the performance of the Board, the Board Committees and the Directors; (iii) the review of training and professional development programs for the Board and the Directors; and (iv) the appointment and re-appointment of the Directors (including Alternate Directors, if applicable), including the criteria used to identify and evaluate potential new Directors and channels used in searching for appropriate candidates;

2) reviewing and determining annually, and as and when circumstances require, if a Director is independent, in accordance with the Code and any other salient factors;

3) reviewing the composition of the Board annually to ensure that the Board and the Board Committees are of an appropriate size, comprise Directors who as a group provide an appropriate balance and mix of skills, knowledge, experience, and other aspects of diversity such as gender and age, so as to avoid groupthink and foster constructive debate, and are of an appropriate level of independence and diversity of thought and background in its composition to enable it to make decisions in the best interests of the Company and provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience and knowledge;

4) setting the objectives for achieving board diversity and reviewing the Company's progress towards achieving these objectives;

5) ensuring that Directors disclose their relationships with the Company, related corporations, substantial shareholders or officers, if any, which may affect their independence and review such disclosures from the Directors and highlight these to the Board as required;

6) ensuring that new Directors are aware of their duties and obligations, as well as deciding whether a Director is able to and has been adequately carrying out his/her duties as a Director. Where a Director holds a significant number of listed company directorships and principal commitments which involve significant time commitment, to provide a reasoned assessment of the ability of the Director to diligently discharge his/her duties, taking into consideration the Director's number of listed company board representation and other principal commitments; and

7) reviewing and approving the new employment of employees of the Group who are relatives of any of the Directors, Chief Executive Officer or Substantial Shareholders and their proposed terms of employment.

Corporate Governance Report

In accordance with Rule 720(4) of the Catalist Rules, all directors must submit themselves for re-nomination and re-appointment at least once every three (3) years. A retiring Director shall be eligible for re-election by the shareholders of the Company at the Annual General Meeting ("**AGM**"), and prior to nominating a retiring Director for re-election, the NC will evaluate the Director's contribution and performance taking into consideration factors such as attendance, preparedness, participation and any other factors as may be determined by the NC. The Company at the meeting at which a Director retires under any provision of the Company's Memorandum and Articles of Association may by ordinary resolution fill the office being vacated by electing thereto the retiring Director or some other person eligible for appointment. In default the retiring Director shall be deemed to have been re-elected except in any of the following cases: (a) where at such meeting it is expressly resolved not to fill such office or a resolution for the re-election of such Director is put to the meeting and lost; or (b) where such Director has given notice in writing to the Company that he is unwilling to be re-elected.

The details of the Board who will retire by rotation at the forthcoming AGM to be held on 25 April 2023 are disclosed in the "Additional Information on Directors seeking re-election" on pages 62 to 65 of this Corporate Governance Report.

The NC has recommended and the Board has approved to table for shareholders' approval the re-election of Mr David Leow and Mr Steven Petersohn, who are retiring at the forthcoming AGM as Directors of the Company. Mr David Leow and Mr Steven Petersohn have abstained from voting on any resolution related to their own re-election.

Despite some of the Directors having other board representations, the NC is satisfied that these Directors are able to and have adequately carried out their duties as Directors of the Company by attending the Board and Board Committees and to attend to the decision-making within the Group as and when necessary. In this respect, the Board is of the view that it is not necessary to adopt internal guidelines to address the competing time commitments that are faced when Directors serve on multiple boards or to determine the maximum number of listed company board representations which any Director may hold.

Currently, no Alternate Director is appointed on the Board.

In the search and nomination process for new Directors, the NC identifies the key attributes that an incoming Director should have, which is based on a matrix of the attributes of the existing Board and the requirements of the Group. After the Board endorsed the key attributes, the NC taps on the resources of the Directors' personal contacts and recommendations of potential candidates, and proceed with the shortlisting process. The NC will consider each candidate based on the key attributes determined after taking into consideration the qualification and experience of such candidate, his/her ability to increase the effectiveness of the Board and to add value to the Group's business in line with its strategic objectives. The NC will recommend the suitable candidate to the Board for approval. If the candidates identified from this process are not suitable, executive recruitment agencies may be appointed to assist in the search process.

Corporate Governance Report

Key information regarding the Directors is set out below:

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships or Chairmanships in Other Listed Companies and Principal Commitment	Past Directorships or Chairmanships in Other Listed Companies and Principal Commitment over the preceding five (5) years
Mr Francis Tjia[1]	18 December 2015	26 April 2022	• Best Venture (HK) Limited • Bright Promise Limited • Focus Win (Chongqing) Limited • Focus Win (Guangzhou) Limited • Focus Win (HK) Limited • Focus Win Holdings (Hong Kong) Company Limited • Marine Pearl Limited • Power Summit Corporation Limited • Propeller Investment Holdings Limited • Red Star (Shenzhen) Limited • Red Star Holdings (HK) Limited • Red Star Investment Holdings Limited • TCA Chongqing (BVI) Limited • TCA Foshan (BVI) Limited • TCA Guangzhou (BVI) Limited • TCA Holdings (HK) Limited • TCA International Limited • TCA Management Limited • TCA Shenzhen (BVI) Limited • TCAH (BVI) Limited • TCW Holdings Limited • Trans-China Automotive Holdings (FS) Limited • Yaohua Automobile Management Service (Shenzhen) Co., Ltd. • Foshan Shenbao Automobile Sales and Services Co., Ltd. • Shenzhen Chuangfengbao Automobile Sales and Services Co., Ltd. • Guangzhou Changbao Automobile Sales and Services Co., Ltd.	• Star Investment Holdings Limited • Income Partners (Singapore) Pte Limited • Income Partners Asset Management Limited • Income Partners Limited • Jin Shan Holdings Limited • Anna Holdings Limited • Anna Mil Holdings Limited • Global Gallant Limited • N-Tech Services Limited • Techart (China) Limited • ACRC (S) Limited • ASFH (S) Limited • Asian Special Finance Hedge Fund • Hera Limited • Income Partners Asset Management (Asia) Limited • Income Partners Asset Management (HK) Limited • Income Partners Group Limited • OpenRoad China Holdings Limited • Octo Magistra Limited • IP All Season Asian Credit Fund • IP Asian Opportunities Fund

Corporate Governance Report

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships or Chairmanships in Other Listed Companies and Principal Commitment	Past Directorships or Chairmanships in Other Listed Companies and Principal Commitment over the preceding five (5) years
			• Chongqing Qingdebao Automobile Sales and Services Co., Ltd. • Shenzhen Qifeng Automobile Sales and Services Co., Ltd. • Guangdong Yaohua Leasing Co., Ltd. • Chongqing Baize Industrial Co., Ltd. • Shenzhen Shangxiantong Enterprise Consulting Management Service Co., Ltd. • Chongqing YaoHua Automobile Sales and Services Co., Ltd. • Multivest Holdings Limited • Multiland Pacific Holdings Limited • Openform Properties Ltd • OpenRoad Auto Group Limited • FT Realty Inc. • Leading Venture Limited • O Club Holdings Limited • Octo Holdings Limited • Octo Property Limited • MFT Holdings Limited	
Mr Michael Cheung[1]	18 December 2015	26 April 2022	• TCA Shenzhen (BVI) Limited • TCAH (BVI) Limited • TCA Chongqing (BVI) Limited • TCA Foshan (BVI) Limited • TCA Guangzhou (BVI) Limited • Marine Pearl Limited • Trans-China Automotive Holdings (FS) Limited • Focus Win (Guangzhou) Limited • Focus Win (Chongqing) Limited • Power Summit Corporation Limited	• Global Gallant Limited • N-Tech Services Limited • Techart (China) Limited

Corporate Governance Report

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships or Chairmanships in Other Listed Companies and Principal Commitment	Past Directorships or Chairmanships in Other Listed Companies and Principal Commitment over the preceding five (5) years
			• Red Star (Shenzhen) Limited • Shenzhen Chuangfengbao Automobile Sales and Services Co., Ltd. • Guangzhou Changbao Automobile Sales and Services Co., Ltd. • Chongqing Qingdebao Automobile Sales and Services Co., Ltd. • Guangdong Yaohua Leasing Co., Ltd. • Shenzhen Qifeng Automobile Sales and Services Co., Ltd. • Chongqing Yaohua Automobile Sales and Services Co., Ltd. • TCA International Limited • TCA Management Limited	
Mr Henry Tan[2]	17 September 2021	26 April 2022	• CLA Global TS Holdings Pte. Ltd. (f.k.a Nexia TS Pte. Ltd.) • CLA Global Limited • TSA Capital Pte Ltd • TSA Recruitment Consultants Pte Ltd • 2T Investment Holdings Pte Ltd • CLA Global TS (Shanghai) Co. Ltd. (f.k.a Nexia TS (Shanghai) Co. Ltd.) • CLA Global TS Public Accounting Corporation (f.k.a. Nexia TS Public Accounting Corporation) • CLA Global TS Risk Advisory Pte. Ltd. (f.k.a Nexia TS Risk Advisory Pte. Ltd.) • CLA Global TS Tax Services Pte. Ltd. (f.k.a Nexia TS Tax Services Pte. Ltd.)	• Raffles Education Corporation Limited (Listed) • Yinda Infocomm Limited (Listed) • YHI International Limited (Listed) • Medallion Asset Management Pte. Ltd. • Nexia China Pte. Ltd. • Wesley Vineyard Childcare Ltd • Nanyang Business School (NBS) Dean's Alumni Advisory Board

Corporate Governance Report

Name of Director	Date of First Appointment	Date of Last Re-election	Present Directorships or Chairmanships in Other Listed Companies and Principal Commitment	Past Directorships or Chairmanships in Other Listed Companies and Principal Commitment over the preceding five (5) years
			• Alpha Singapore • CLA Global TS Technology Pte. Ltd. (f.k.a Nexia TS Technology Pte. Ltd.) • CLA Global TS Advisory Pte. Ltd. (f.k.a. Nexia TS Advisory Pte. Ltd.) • The Methodist Church of Singapore • CLA Global TS Advisory Sdn Bhd (f.k.a NTS Asia Advisory Sdn Bhd) • NTS Myanmar Co. Ltd. • Methodist Preschool Services Pte. Ltd. • Dyna-Mac Holdings Ltd. (Listed) • BH Global Corporation Limited (Listed) • Asia Vets Holdings Ltd. (Listed) • Penguin International Ltd. (Listed) • China New Town Development Co. Ltd (Listed)	
Mr David Leow[2]	17 September 2021	26 April 2022	• MEC Asia Fund • CAP Management Limited • Chartered Accountants Australia and New Zealand (Singapore) Private Limited • Thaler Global Pte. Ltd. • Ufinity Group Pte. Ltd. • Mencast Holdings Ltd. (Listed)	• Arcturus Capital Limited • Bitapple Singapore Pte. Ltd.
Mr Steven Petersohn[1]	17 September 2021	26 April 2022	• Advanced Energy Minerals Limited • Arch Capital Solutions Ltd.	• Watermill Advisors Limited

[1] None of the above are listed companies
[2] Included listed companies as indicated above

Corporate Governance Report

Additional Information on Directors Seeking Re-election

Pursuant to Rule 720(5) of the Catalist Rules, the information as set out in Appendix 7F to the Catalist Rules relating the Directors who are retiring and being eligible for re-election at the forthcoming AGM, is set out below:

Name of Director	Mr David Leow	Mr Steven Petersohn
Date of appointment	17 September 2021	17 September 2021
Age	53	66
Country of principal residence	Singapore	Hong Kong
The Board's comments on the NC's recommendation for re-election	The Board has accepted the NC's recommendation, who has reviewed and considered Mr David Leow's performance as a Non-Executive Director and Lead Independent Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Mr Steven Petersohn's performance as a Non-Executive Director and Independent Director of the Company
Whether appointment is executive, and if so, the area of responsibility	Non-Executive	Non-Executive
Job title	Lead Independent Director, Chairman of the NC, and member of the ARC and RC	Independent Director, Chairman of the RC, and member of the ARC and NC
Professional qualifications	• Bachelor of Commerce • Owner/ President Management programme	Degree of Bachelor of Arts
Working experience and occupation(s) during the past 10 years	• November 2020 to May 2022 – Bitapple Singapore Pte. Ltd. – Chief Executive Officer • June 2012 to Present – Thaler Global Pte. Ltd. – Managing Director • September 2009 to Present – Ufinity Group Pte. Ltd. – Chief Financial Officer • October 2014 to Present – MEC Asia Fund – Non-Executive Director • December 2019 to Present – CAP Management Limited – Non-Executive Director • April 2018 to Present – Chartered Accountants Australia and New Zealand (Singapore) Private Limited – Director • June 2013 to Present – Mencast Holdings Ltd. – Independent Director	• July 2011 to December 2016 – Watermill Advisors Limited – Executive Director • June 2017 – Present – Arch Capital Solutions Ltd. – Executive Director • April 2022 – Present – Advanced Energy Minerals Limited – Executive Director
Shareholding interest in the listed issuer and its subsidiaries	Nil	350,000 shares (direct interest)

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Name of Director	Mr David Leow	Mr Steven Petersohn
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/ or substantial shareholder of the listed issuer or of any of its principal subsidiaries	Nil	Nil
Conflict of interest (including any competing business)	Nil	Nil
Undertaking (in the format set out in Appendix 7H) under Catalist Rule 720(1) has been submitted to the listed issuer	Yes	Yes
Other Principal Commitments Including Directorships	**Present Directorship and principal commitment:** • Mencast Holdings Ltd. • MEC Asia Fund • CAP Management Limited • Chartered Accountants Australia & New Zealand (Singapore) Private Limited • Thaler Global Pte. Ltd. • Ufinity Group Pte. Ltd. **Past Directorship and principal commitment (for the past 5 years):** • Arcturus Capital Limited • Bitapple Singapore Pte. Ltd.	**Present Directorship and principal commitment:** • Advanced Energy Minerals Limited • Arch Capital Solutions Ltd. **Past Directorship and principal commitment (for the past 5 years):** • Watermill Advisors Limited

Mr David Leow and Mr Steven Petersohn had responded negative to items (a) to (k) listed in Appendix 7F of the Catalist Rules, as follows:

		Mr David Leow	Mr Steven Petersohn
(a)	Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No
(b)	Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No

Corporate Governance Report

		Mr David Leow	Mr Steven Petersohn
(c)	Whether there is any unsatisfied judgment against him?	No	No
(d)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?	No	No
(e)	Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No
(f)	Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No
(g)	Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No
(h)	Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No
(i)	Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No
(j)	Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:		
	(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or	No	No
	(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or	No	No
	(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or	No	No
	(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity of business trust?	No	No

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		Mr David Leow	Mr Steven Petersohn
(k)	Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No

Board Performance

Principle 5: The Board undertakes a formal annual assessment of its effectiveness as a whole and that of each of its board committees and individual directors.

The Board has implemented a formal annual process for assessment of the effectiveness of the Board as a whole, each Board Committee and individual Director. Each Director is requested to complete an evaluation form to assess the effectiveness of the Board as a whole and his own contribution to the effectiveness of the Board, while each Board Committee member is requested to complete an evaluation form to assess the effectiveness of the respective Board Committees. The assessment of the Board's performance focused on a set of performance criteria for the board evaluation which includes the board structure, strategy and performance, governance on board risk management and internal controls, information to the Board, board procedures, top management and Directors' standard of conduct, etc.

The assessment criteria for each Board Committee focuses on the nature of the respective roles and responsibilities of the ARC, NC and RC.

The annual assessment of individual Directors considers, among others, each Director's attendance as well as generation of constructive debate/participation for meetings of the Board and Board Committees, contribution, initiative, responsiveness of Director, knowledge of senior management and Company's business, and the Directors' self-assessment. Selected performance criteria will not change from year to year unless they are deemed necessary and the Board is able to justify the changes.

The findings of the above were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board and Board Committees. The Executive Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of Directors may be sought. No external facilitator was used in FY2022. However, if need arises, the NC has full authority to engage external facilitator to assist the NC to carry out the evaluation process at the Company's expense.

The evaluation of Board and Board Committees performance is conducted annually to identify areas of improvement and as a form of good board management practice. The last Board's evaluation was conducted on 22 February 2023 and the results have been presented to the NC for discussion. The NC is satisfied that the Board has been effective as a whole and that each Director has contributed to the effective functioning of the Board. In addition, the NC is also satisfied that sufficient time and attention has been given by the Directors to the affairs of the Company, notwithstanding that some of the Directors have multiple board representations.

Following the review of FY2022, the Board is of the view that the Board and its Board Committees operate effectively and each Director is contributing to the overall effectiveness of the Board.

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REMUNERATION MATTERS

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

Principle 6: There should be a formal and transparent procedure for developing policies on director and executive remuneration, and for fixing the remuneration packages of individual directors and key management personnel. No director is involved in deciding his or her own remuneration.

The RC comprises the following three (3) Directors, all of whom including the Chairman of the RC, are Non-Executive and Independent Directors:

Mr Steven Petersohn (Chairman)
Mr David Leow (Member)
Mr Henry Tan (Member)

The RC is governed by the RC's Terms of Reference which describes the duties and powers of the RC.

The main objective of the RC is to establish a formal and transparent procedure for developing policies on Director and executive remuneration and attract, motivate and retain a pool of talented Directors and executives through attractive and competitive remuneration packages.

The roles and functions of the RC are:

1. reviewing and recommending to the Board, in consultation with the Chairman of the Board, for endorsement, a comprehensive remuneration policy framework and guidelines for remuneration of the Directors and other persons having authority and responsibility for planning, directing and controlling the activities of the Company ("**Key Management Personnel**");

2. reviewing and recommending to the Board, for endorsement, the specific remuneration packages for each of the Directors and Key Management Personnel;

3. considering all aspects of remuneration (including but not limited to Directors' fees, salaries, allowances, bonuses, options, share-based incentives and awards, benefits-in-kind and termination payments), including termination terms, to ensure they are fair;

4. ensuring that the level and structure of remuneration of the Board and Key Management Personnel are appropriate and proportionate to the sustained performance and value creation of the Company, taking into account the strategic objectives;

5. ensuring that a significant and appropriate proportion of the Executive Directors' and Key Management Personnel's remuneration is structured so as to link rewards to corporate and individual performance, and that performance-related remuneration is aligned with the interests of shareholders and other stakeholders and promotes the long-term success of the Company;

6. ensuring that the remuneration of the Non-Executive Directors is appropriate to their level of contribution, taking into account factors such as effort, time spent and responsibilities;

7. reviewing the remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation and the statements in the annual report with a view to achieving clear disclosure of the same;

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8. reviewing and approving the design of all share option plans, employee share option schemes and/or other equity-based plans and benefits-in-kind;

9. in the case of service contracts and employment contracts, reviewing the Company's obligations arising in the event of termination of the Executive Directors' or Key Management Personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous, with a view to being fair and avoiding the reward of poor performance;

10. approving performance targets for assessing the performance of each of the Key Management Personnel and recommend such targets as well as employee specific remuneration packages for each of such Key Management Personnel, for endorsement by the Board; and

11. conducting an annual review of and approving the remuneration of employees of the Group who are relatives of any of the Directors, Chief Executive Officer or Substantial Shareholders (including bonuses, increments and/or promotions) and to ensure that their remuneration packages are in line with the staff remuneration guidelines and commensurate with their respective job scopes and level of responsibilities.

The RC also periodically considers and reviews remuneration packages in order to maintain their attractiveness, to retain and motivate the Directors to provide good stewardship of the Company and key executives to successfully manage the Company, and to align the level and structure of remuneration with the long-term interests and risk policies of the Company.

If a member of the RC has an interest in a matter being reviewed or considered by the RC, the respective Directors will abstain from voting on the matter and will not be involved in the discussion in deciding their own remuneration.

The RC has full authority to engage any external independent professional advice on matters relating to remuneration as and when the need arise. The expense of such service shall be borne by the Company. No external remuneration consultant was engaged in FY2022.

Level and Mix of Remuneration

Principle 7: The level and structure of remuneration of the Board and key management personnel are appropriate and proportionate to the sustained performance and value creation of the company, taking into account the strategic objectives of the company.

The RC noted that there should be appropriate and meaningful measures for the purpose of assessing the performance of Executive Directors and Key Management Personnel. In setting remuneration packages for Executive Directors and Key Management Personnel, the performance related elements of remuneration form a portion of the total remuneration package to link rewards to corporate and individual performance. This is to align the Executive Directors' interests with those of shareholders of the Company and to promote the long-term success of the Group and the Company. The RC will also take into consideration the risk policies of the Company, as well as the pay and employment conditions within the industry and in comparable companies.

The Non-Executive and Independent Directors are paid Directors' fees taking into account factors including but not limited to contribution, effort and time spent, and the responsibilities of the Non-Executive and Independent Directors. Non-Executive and Independent Directors are not over-compensated to the extent that their independence may be compromised. The Directors' fees payable to the Non-Executive and Independent Directors of the Company each year are subject to the approval of the Company's shareholders at the AGM.

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The Executive Directors do not receive Directors' fees except Mr Francis Tjia who sits on NC as member and is paid in accordance to his service agreement with the Company. The remuneration packages of the Executive Directors and the Key Management Personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits.

The service agreements with the Executive Directors, namely Mr Francis Tjia and Mr Michael Cheung ("**Service Agreements**") are for a period of three (3) years and shall thereafter continue from year to year (unless otherwise terminated by either party giving not less than six (6) months' prior written notice to the other). The Service Agreements are subject to review by the RC as and when required. The RC may recommend the Company to consider the use of contractual provisions to allow the Company to reclaim incentive components of remuneration from Executive Directors and Key Management Personnel in exceptional circumstances of misstatement of financial results or misconduct resulting in financial loss to the Company.

The RC also terminates the Service Agreements of the Executive Directors, if any of them, amongst others, is disqualified to act as Executive Director under any applicable laws or regulations, is guilty of dishonesty, gross misconduct or wilful neglect of duty, commits any continued material breach of the terms of their respective Service Agreements, is guilty of conduct likely to bring himself or any member of the Group into disrepute, becomes bankrupt or is convicted of any criminal offence. The RC may additionally terminate the Service Agreements if the Executive Directors fail to perform their respective obligations under the Service Agreements.

The Service Agreements also provide that the Executive Directors shall not without the prior written consent of the Company during the continuance of his employment be engaged or interested either directly or indirectly in any capacity in any trade, business, occupation or activities which may hinder or otherwise interfere with the performance of his duties or which may conflict with the interests and business of the Group.

The Service Agreements cover the terms of employment, specifically salaries and bonuses.

Pursuant to the terms of their respective Service Agreements, each of Mr Francis Tjia and Mr Michael Cheung is entitled to a basic monthly salary. In addition, each of Mr Francis Tjia and Mr Michael Cheung is entitled to an annual fixed bonus ("**Fixed Bonus**") as well as an annual incentive bonus ("**Incentive Bonus**") of a sum calculated based on the consolidated profits before tax ("**PBT**") of the Group based on the audited financial statements for the relevant financial year, before deducting such Incentive Bonus and after deducting PBT attributable to non-controlling interests and excluding extraordinary items which are not in the ordinary course of business, if any, provided always that if their employment is for less than a full financial year of the Group, the Fixed Bonus and Incentive Bonus for that financial year shall be apportioned in respect of the actual number of days of employment on the basis of a 365-day financial year.

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Disclosure of Remuneration

Principle 8: The company is transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.

The details of the remuneration (in percentage terms) of each Directors, the CEO and CFO of the Group for FY2022, are disclosed below.

Board	Remuneration Band[1]	Salary	Bonus / Commissions	Benefits in Kind	Directors' Fees	Total
Mr Francis Tjia	D	75.02%	24.59%	0.39%	–	100%
Mr Michael Cheung	C	61.01%	38.57%	0.42%	–	100%
Mr David Leow	A	–	–	–	100.00%	100%
Mr Henry Tan	A	–	–	–	100.00%	100%
Mr Steven Petersohn	A	–	–	–	100.00%	100%

The Group has two (2) Key Management Personnel who is not a Director or the CEO during FY2022. The details of the remuneration (in percentage terms) of Key Management Personnel (who are not a Director or the CEO) for FY2022 are as follows:

Key Management Personnel	Remuneration Band[1]	Salary	Bonus / Commissions	Benefits in Kind	Total
Mr Roger Chan	C	63.46%	36.22%	0.32%	100%
Mr Raymond Woo	B	68.20%	30.91%	0.89%	100%

After careful consideration and taking into account the highly competitive business environment, commercially sensitive and confidential nature of the remuneration policies of the Company, the Board is of the view that notwithstanding the deviation from Provision 8.1 of the Code, the Company is transparent on its remuneration policies, which has been disclosed not only as part of compliance with Principle 8 but also in respect of Principle 7 of the Code. In particular, the Company has elaborated on the remuneration policy governing the remuneration of the Executive Directors and the factors taken into account for the remuneration of the Independent Directors. The Company has also disclosed the remuneration paid to each Director and Key Management Personnel using remuneration bands, as well as the breakdown of the components of their remuneration, for transparency. Accordingly, the Board is of the view that the non-disclosure of the exact quantum of the remuneration of each Director and Key Management Personnel will not be prejudicial to the interest of shareholders and complies with the intent of Provision 8.1 of the Code.

[1] Remuneration bands:

"A" refers to remuneration of up to S$250,000 per annum.
"B" refers to remuneration from S$250,001 to S$500,000 per annum.
"C" refers to remuneration from S$500,001 to S$750,000 per annum.
"D" refers to remuneration from S$750,001 to S$1,000,000 per annum.

None of the Directors (including the CEO) and the top two Key Management Personnel (who are not Directors or the CEO) had received any termination, retirement and post-employment benefits for FY2022.

There is no employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S$100,000 for FY2022.

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The RC has reviewed and approved the remuneration packages of the Executive Directors and Key Management Personnel, having regard to their contributions as well as the financial performance and commercial needs of the Group and has ensured that the Executive Directors and Key Management Personnel are adequate but not excessively remunerated. The RC will consider and deliberate on the performance conditions to which Executive Director's and Key Management Personnel's entitlement to short term and long-term incentive schemes are subject and make the necessary disclosures, if any.

In conjunction with the listing on the Catalist Board of the SGX-ST, the Company has adopted an employee share option scheme known as "TCA Employee Share Option Scheme" which was approved by the shareholders on 17 September 2021. The details of TCA Employee Share Option Scheme are set out in the section entitled "Appendix J - Rules of the TCA Employee Share Option Scheme" of the Offer Document. The TCA Employee Share Option Scheme complies with the relevant rules as set out in Chapter 8 of the Catalist Rules.

The objectives of the TCA Employee Share Option Scheme are as follows: (a) foster an ownership culture within the Group which aligns the interests of the Group's employees with the interests of shareholders; (b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units; (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world-class company; and (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders.

The TCA Employee Share Option Scheme is administered by the RC with such powers and duties conferred to them by the Board. A member of the RC who is also a participant of TCA Employee Share Option Scheme must not be involved in its deliberation in respect of the option granted or to be granted to him.

As at the date of this Annual Report, the Company had not granted share option to any employee and Directors under TCA Employee Share Option Scheme.

ACCOUNTABILITY AND AUDIT

Risk Management and Internal Controls

Principle 9: The Board is responsible for the governance of risk and ensures that Management maintains a sound system of risk management and internal controls, to safeguard the interests of the company and its shareholders.

The Board regularly reviews and improves its business and operational activities to identify areas of significant business risks as well as determine the Company's levels of risk tolerance and risk policies as well as overseeing the Management in the design, implementation and monitoring of the risk management and internal control systems to control, manage and mitigate these risks. The Management reviews the risk management and internal control systems and highlights all significant matters to the ARC and Board from time to time.

The Board acknowledges that it is responsible to ensure that the Company maintains an adequate system of risk management and internal controls to safeguard the assets of the Group. In addition, it is essential to maintain adequate accounting records, develop and maintain an effective control environment within the Group. The Board recognises that all internal control systems contain inherent limitations and no system of internal controls could provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities. Nevertheless, the Board strives to identify key risk areas in every aspect of the Group and improve internal controls to mitigate such risks in order to achieve the overall business objective of the Group and enhance long term shareholders' value.

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The Board and the ARC have made reference to the external audit reports submitted by the external auditors for FY2022. The Board with the concurrence of the ARC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology risks) and risk management systems are adequate and effective for FY2022.

During FY2022, the Group had appointed RSM Risk Advisory Pte. Ltd. as the independent internal auditors of the Group to conduct and review the adequacy and effectiveness of the Group's internal controls on a regular basis in light of the size and complexity of the Group's operations. Relying on the internal control reports from the internal auditors, management letter issued by the e xternal auditors (to the extent as required by them to form an audit opinion on the statutory financial statements) and the representation letters from the Management, the ARC with the participation of the Board, will carry out assessments of the effectiveness of key internal controls during the year. Any material non–compliance or weaknesses in internal controls and its corresponding mitigation actions from the independent internal auditors and external auditors to further improve the internal controls will be reported to the ARC. The ARC will follow up on the actions taken by the Management and on the recommendations made by the independent internal auditors and external auditors.

The Board would ensure that there is an on-going process for identifying, evaluating and managing significant risks covering financial aspects, compliance risks and other operational areas of the Group.

For FY2022, the Board has received assurances from the CEO and the CFO of the Company that (a) the financial records have been properly maintained and the financial statements give a true and fair view of the Group's operations and finances; and (b) the Group's risk management and internal control systems are adequate and sufficiently effective.

The ARC have reviewed the report issued by the external auditors and their recommendations, the various management controls put in place, and reports from the internal auditors, the Board with the concurrence from the ARC, are satisfied with the Group's internal controls and are of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational, compliance and information technology risks and risk management systems are adequate and effective as at 31 December 2022 for the type and volume of business that the Group currently operates. The Board will continue to enhance and improve the existing internal controls framework to identify and mitigate these risks. The ARC will also commission an annual internal audit to satisfy itself that the Group's internal controls are robust and effective to address any significant internal control weaknesses that may arise.

The Board recognises that the risk management and internal control systems established by the Group provides reasonable, but not absolute, assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives. However, the Board also noted that all internal control systems contain inherent limitations and no system of risk management and internal controls can provide absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

Audit and Risk Committee

Principle 10: The Board has an Audit and Risk Committee ("ARC") which discharges its duties objectively.

The ARC comprises the following three (3) Directors, all of whom are Non-Executive and Independent Directors:

Mr Henry Tan (Chairman)
Mr David Leow (Member)
Mr Steven Petersohn (Member)

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In line with Provision 10.3 of the Code, none of the ARC members is a former partner or director of the Company's existing auditing firm or auditing corporation: (a) within a period of two years commencing on the date of their ceasing to be a partner of the auditing firm or director of the auditing corporation; and in any case, (b) for as long as they have any financial interest in the auditing firm or auditing corporation.

The Board ensures that the members of the ARC are appropriately qualified to discharge their responsibilities. The Chairman of the ARC, Mr Henry Tan and members of the ARC, Mr David Leow and Mr Steven Petersohn possess the requisite accounting and financial management expertise and experience.

The ARC is governed by the ARC's Terms of Reference which describes the duties and powers of the ARC.

The main objective of the ARC shall be to assist the Board in discharging its statutory and other responsibilities relating to (i) the quality of the audit of the Company's internal audit function and of its external auditors; (ii) the integrity of the financial information presented by the Management to shareholders, regulators and the general public; and (iii) the adequacy of the Company's financial, compliance, administrative and operating controls, as well as internal accounting controls.

The role and functions are:

1. assisting the Board in discharging its statutory responsibilities on financing and accounting matters;

2. reviewing the assurance from the CEO and CFO on the financial records and financial statements of the Company;

3. reviewing significant financial reporting issues and judgements so as to ensure the integrity of the financial statements, which includes reviewing and discussing with the external auditors any issues and concerns arising from the audits, any suspected fraud, irregularity or infringement of any relevant laws, rules and regulations, which has or is likely to have a material impact on the Group's financial performance or financial position and the Management's response to such issues;

4. reviewing the announcements relating to the financial performance and ensuring that the outcome of the review the Group's key financial risk areas are disclosed in the annual reports, and if the findings are material, to be announced via SGXNET in accordance with the Catalist Rules;

5. reviewing the adequacy, effectiveness, independence, scope and results of the external audit and its cost effectiveness, and the independence and objectivity of the external auditors;

6. reviewing the external auditors' audit plan and audit report, and the external auditors' evaluation of the system of internal accounting controls, including financial, operational, compliance and information technology controls, as well as reviewing the Company's implementation of any recommendations to address any control weaknesses highlighted by the external auditors;

7. reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on, and in particular, ensuring the Company publicly discloses and clearly communicates to the employees the existence of a whistle-blowing policy and procedures for raising such concerns;

8. reviewing the key financial risk areas, the risk management structure and any oversight of the risk management process and activities to mitigate and manage risk at acceptable levels determined by the Board;

9. reviewing at least annually the adequacy and effectiveness of the risk management and internal controls systems, including financial, operational, compliance and information technology controls, and, where necessary and appropriate, provide a statement on the Board's comment on the adequacy and effectiveness of the Company's internal controls;

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10. reviewing any interested person transactions and monitoring the procedures established to regulate interested person transactions, including ensuring compliance with the Company's internal control system and the relevant provisions of the Catalist Rules, as well as all conflicts of interests to ensure that proper measures to mitigate such conflicts of interests have been put in place;

11. reviewing transactions undertaken by the Group which fall within the scope of Chapter 10 of the Catalist Rules;

12. to be the primary reporting line of the internal audit function and ensuring that the internal audit function has direct and unrestricted access to the Chairman of the Board and the ARC;

13. ensuring that the internal audit function is adequately resourced and has appropriate standing within the Company;

14. reviewing the scope and results of the internal audit procedures, and at least annually, the adequacy, effectiveness, independence, scope and results of the internal audit function;

15. ensuring the internal audit function is independent, effective and adequately resourced, is staffed with persons with the relevant qualifications and experience, and deciding on the appointment, termination and remuneration of the head of the internal audit function;

16. meeting with the external auditors and internal auditors, in each case without the presence of the Management, at least annually;

17. reviewing the assistance, coordination and co-operation given to the Group's Management to the internal and external auditors;

18. reviewing the nature, extent and costs of non-audit services performed by the external auditors, to ensure their independence and objectivity;

19. appraising and reporting to the Board on the audits undertaken by the external auditors and internal auditors, and the adequacy of disclosure of information;

20. where necessary, commissioning an independent audit on internal controls and risk management systems for the assurance of the ARC, or where it is not satisfied with the systems of internal controls and risk management;

21. making recommendations to the Board on: (i) the proposals to shareholders on the appointment, re-appointment and removal of the external auditors; and (ii) the remuneration and terms of engagement of the external auditors;

22. undertaking such other reviews and projects as may be requested by the Board, and reporting to the Board its findings from time to time on matters arising and requiring the attention of the ARC;

23. monitoring the measures undertaken by the Group to mitigate and to the extent possible remediate non-compliance by the Group, including non-compliances in respect of land use issues, and having oversight of and reviewing such measures to monitor and to the extent possible prevent further recurrence of non-compliances;

24. reviewing changes in accounting policies and practices, major risk areas and significant adjustments arising from audits, compliance statutory and regulatory requirements including the accounting standards and the Catalist Rules, and concerns and issues arising from audits including any matters which the external auditors may wish to discuss in the absence of the Management;

25. reviewing and approving all hedging policies implemented by the Group (if any) and conducting periodic review of foreign exchange transactions and hedging policies and procedures;

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26. reviewing and establishing procedures for receipt, retention and treatment of complaints received by the Group, including among others, criminal offences involving the Group or the employees, and/or questionable accounting, auditing, business, safety or other matters that impact negatively on the Group, and ensuring that arrangements are in place for the independent investigations of such matter and for appropriate follow-up; and

27. undertaking generally such other functions and duties as may be required by law or the Catalist Rules, and by amendments made thereto from time to time.

The ARC met up with the internal auditors separately at least once a year without the presence of Management. The internal auditors are provided with unfettered access to the documents, records, properties and personnel, including the Board, ARC and Management, and has standing within the Company for performing their internal audit review.

The internal auditors report directly to the Chairman of the ARC on any material weaknesses and risks identified in the course of the audit which will also be communicated to the Management. Management would update the ARC on the status of the remedial action plans.

The internal audit work carried out in FY2022 was guided by the International Standards for the Professional Practice of Internal Auditing (IIA Standards) laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors. RSM Risk Advisory Pte. Ltd. has provided a confirmation on their independence to the ARC.

The Board with the concurrence of the ARC, is of the opinion that the Group's internal controls (including financial, operational, compliance and information technology risks) and risk management systems were adequate and effective for FY2022.

Apart from the duties listed above, the ARC will ensure that arrangements are in place for employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The ARC will commission and review the findings of internal investigations into such matters or matters where there is any suspected fraud or irregularity, or failure of internal controls, or infringement of any law, rule or regulation which has or is likely to have a material impact on the Group's operating results and financial position. The ARC will also ensure that the appropriate follow-up actions are taken. In the event that a member of the ARC is interested in any matter being considered by the ARC, he will abstain from reviewing and deliberating on that particular transaction or voting on that particular resolution.

The ARC has full access to and cooperation of the Management and external auditors, and full discretion to invite any Director or key management personnel to attend the meetings and has been given reasonable resources to enable it to discharge its functions properly.

The aggregate amount of fees paid and payable to Messrs PricewaterhouseCoopers LLP, and its network firm, collectively the external auditors, for services rendered in for FY2022 was HK$3,000,000. No non-audit services were provided by the external auditors for the same period.

The ARC had reviewed all audit and non-audit fees paid to Messrs PricewaterhouseCoopers LLP, the scope of services, the qualification, the independence and the objectivity of the external auditors in the meeting held in FY2022. Messrs PricewaterhouseCoopers LLP has confirmed that they are public accounting firm registered with the Accounting and Corporate Regulatory Authority and provided a confirmation on their independence to the ARC.

The ARC is satisfied that Messrs PricewaterhouseCoopers LLP is able to meet the audit requirements and statutory obligation of the Company. In view of their requisite qualification and independence status, the ARC is satisfied that Rule 712 of the Catalist Rules is complied with.

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The Company has complied with Rule 715 of the Catalist Rules as Messrs PricewaterhouseCoopers LLP was engaged as the external auditors for the Company and its subsidiaries in Singapore for FY2022.

ARC has met with the external auditors without the presence of Management to review the adequacy of the audit arrangements, with emphasis on the scope and quality of the audit and the independence and objectivity of the auditors.

The Group has in place a Whistle-Blowing Policy to enable persons employed by the Group to report any suspicion or possible improprieties in matters of financial reporting, non-compliance with regulations, policies and fraud, etc, to the members of ARC in writing for resolution, without any prejudicial implications for these employees. The ARC will, depending on the nature of the concern, initiate inquiries to determine whether an investigation is appropriate and the form that it should take.

The Whistle-Blowing Policy also serves to ensure that any issues or complaints raised will be dealt with swiftly and effectively. The ARC has been vested with the power and authority to receive, investigate and enforce appropriate action whenever any such non-compliance matter is brought to the ARC's attention. The Group has designated an independent function to investigate whistle-blowing reports made in good faith and ensures that the identity of the whistle-blower is kept confidential and the Group is committed to ensure protection of the whistle-blower against detrimental or unfair treatment.

As of to-date, there were no reports received through the whistle-blowing mechanism.

The ARC has reviewed all Interested Person Transactions during FY2022 and is of the opinion that Chapter 9 of the Catalist Rules has been complied with. Please refer to the sections entitled "Interested Person Transactions" of the Offer Document for present and on-going Interested Person Transactions.

To keep abreast of the changes in accounting standards and issues which have a direct impact on financial statements, advice is sought from the external auditors when they attended the ARC meetings, where applicable.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Shareholder Rights and Conduct of General Meetings

Principle 11: The company treats all shareholders fairly and equitably in order to enable them to exercise shareholders' rights and have the opportunity to communicate their views on matters affecting the company. The company gives shareholders a balanced and understandable assessment of its performance, position and prospects.

Engagement with Shareholders

Principle 12: The company communicates regularly with its shareholders and facilitates the participation of shareholders during general meetings and other dialogues to allow shareholders to communicate their views on various matters affecting the company.

MANAGING STAKEHOLDERS RELATIONSHIPS

Engagement with Stakeholders

Principle 13: The Board adopts an inclusive approach by considering and balancing the needs and interests of material stakeholders, as part of its overall responsibility to ensure that the best interests of the company are served.

Corporate Governance Report

In line with the continuous disclosure obligations of the Company pursuant to the Catalist Rules, the Company is committed to engage in regular and effective communication with its shareholders and ensures that all shareholders should be equally informed of all major developments of the Group which would likely materially affect the price or value of the Company's shares to facilitate the shareholders to exercise their ownership rights.

The Company does not practice selective disclosure as all material and price-sensitive information is released through SGXNET.

The Group believes that a high standard of transparent corporate disclosure is crucial to raising the level of corporate governance. The information is disseminated to shareholders of the Company on a timely basis through:

- announcements and/or press release released through SGXNET;
- annual reports and circulars prepared and issued to all shareholders of the Company; and
- the official website of the Company (https://www.tca-auto.com).

To keep shareholders and stakeholders of the Company updated on the latest announcements, press releases and stock details of the Company, the shareholders and potential investors or stakeholders have 24-hour access to the Company's website. In addition, the shareholders and potential investors or stakeholders may subscribe for automated email alerts services from the Company's website to receive email alerts on the latest announcements and press releases disclosed over SGXNET. Enquiries may also be posed to the Company's investor relations by email.

When the opportunities arise, the Company will consider holding analyst briefings or investor roadshows to meet institutional and retail investors as well as to solicit and understand the view of shareholders and stakeholders.

All shareholders of the Company are given the opportunity to participate, voice their views or opinions and ask Directors or the Management questions regarding the Company and the Group in general meeting of the Company. The Board of the Company, including the Chairpersons of ARC, RC and NC will be present at general meetings to address any questions or concerns of shareholders at general meetings. The external auditors will also be invited to attend the AGM to address shareholders' queries about the conduct of audit and the preparation and content of the auditors' report.

As part of the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the forthcoming AGM of the Company to be held in respect of FY2022 will be convened and held by electronic means pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020. Alternative arrangements relating to attendance at the AGM via electronic means (including arrangements by which the meeting can be electronically accessed via live audio-visual webcast or live audio-only stream), submission of questions in advance of the AGM, addressing of substantial and relevant questions at or prior to the AGM and voting by appointing the proxy, will be put in place for the forthcoming AGM of the Company. Shareholders will not be able to attend the AGM in person.

The Company prepares minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management. The Company will publish the minutes of the forthcoming AGM within one (1) month from the AGM. Such minutes is also available to shareholders on the SGXNET and on its corporate website.

There are separate resolutions at the general meetings to address each distinct issue. Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. The Company's Memorandum and Articles of Association allow a shareholder or a depositor to appoint not more than two (2) proxies to attend and vote in absentia at general meetings. Where the member is a Central Depository (Pte) Limited (or its nominee as notified in writing to the Company), it can appoint more than 2 proxies. Proxies need not be a shareholder of the Company.

Corporate Governance Report

The Board will put all resolutions to vote by poll and make an announcement of the detailed results showing the numbers of votes cast for and against each resolution and the respective percentages. Shareholders will be briefed on the rules, including poll voting procedures that govern general meetings of shareholders.

The Company does not have a fixed policy on payment of dividends. The issue of payment of dividend is deliberated by the Board annually having regard to various factors, including but not limited to the Group's actual and projected financial performance, projected levels of capital expenditure and other investment plans, working capital requirements and general financial conditions, and the level of the Group's cash and retained earnings. Taking into account the above factors, the Board has recommended a dividend of RMB0.0068 per ordinary share to be paid in cash.

The Company's strategy and key areas of focus in relation to the management of stakeholder relationships during the year are set out in the Company's Sustainability Report.

ADDITIONAL INFORMATION

MATERIAL CONTRACTS

Save for the Service Agreements between the Executive Directors and the Company as mentioned above, there were no material contracts entered into by the Group involving the interests of the CEO, any Director or controlling shareholder, which are either still subsisting at the end of the financial year or if not subsisting, entered into since the end of the previous financial year.

INTERESTED PERSON TRANSACTIONS

There were no interested person transactions equal to or exceeding S$100,000 in aggregate between the Company or its subsidiaries with any of its interested persons (as defined in Chapter 9 of the Catalist Rules) other than the following interested person transaction entered into during FY2022:

Name of interested party	Nature of relationship	Aggregate value of all interested person transaction during the financial period under review (excluding transactions conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules)	Aggregate value of all interested person transaction conducted under shareholders' mandate pursuant to Rule 920 of the Catalist Rules
TCA International Limited	Controlling shareholder	RMB30,000,000 (Repayment to the immediate holding company)	Not applicable

Corporate Governance Report

DEALING IN SECURITIES

The Company has complied with Rule 1204(19) of the Catalist Rules in relation to the best practices on dealing in the securities:

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealing by the Company and its officers in its securities;

(b) Officers of the Company did not deal in the Company's securities on short-term considerations; and

(c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing one (1) month before the announcement of the Company's financial results for its half yearly and full year financial statements, ending on the date of the announcement of the relevant results, and (ii) if they are in possession of unpublished price-sensitive information of the Group.

In addition, the Directors and Management are expected to observe the insider trading laws at all times even when dealing in securities within permitted trading period.

USE OF PROCEEDS

The Company raised total net proceeds from the initial public offering of S$16,311,000 (the "**IPO Proceeds**"). As at the date of this report, total of S$11,311,000 was utilised for payment to contractors and suppliers relating to the construction of the Shenzhen BMW service center, Guangzhou Genesis showroom and Foshan Genesis showroom as well payment of BMW spare parts inventory. The balance of the IPO Proceeds as follows:

	Allocation of IPO Proceeds S$'000	Amount utilised as at the date of this announcement S$'000	Balance as at the date of this announcement S$'000
Increasing the number of dealerships, showrooms and service centres in cities with existing operations, namely in Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan	11,000	6,000	5,000
Expanding business through growing the 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	–
Total	16,311	11,311	5,000

NON-SPONSOR FEES

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, RHT Capital Pte. Ltd. for FY2022.

FINANCIAL CONTENTS

Directors' Statement

for the financial year ended 31 December 2022

The directors present their statement to the members together with the audited financial statements of the Group for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022.

In the opinion of the directors,

(i) the accompanying consolidated financial statements of the Group and the statement of financial position of the Company are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2022 and the financial performance, changes in equity and cash flows of the Group for the financial year covered by the consolidated financial statements; and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are as follows:

Mr Francis Tjia
Mr Michael Cheung
Mr David Leow
Mr Henry Tan
Mr Steven Petersohn

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose object was to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, other than as disclosed under "TCA Employee Share Option Scheme" in this statement.

DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

According to the register of directors' shareholdings, none of the directors holding office at the end of the financial year had any interest in the shares or debentures of the Company or its related corporations, except as follows:

	Shareholdings registered in the name of director			Shareholdings in which the directors are deemed to have an interest		
	As at 21 January 2023	As at 31 December 2022	As at 31 December 2021	As at 21 January 2023	As at 31 December 2022	As at 31 December 2021
Company						
(No. of ordinary shares)						
Francis Tjia[1][2][3]	6,070,557	–	–	411,841,478	424,041,069	452,242,750
Michael Cheung[4]	10,900,731	10,900,731	20,589,000	10,764,439	10,764,439	215,000
Steven Petersohn	350,000	350,000	350,000	–	–	–

Directors' Statement

for the financial year ended 31 December 2022

Notes:

(1) Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited. Accordingly, Mr Francis Tjia is deemed interested in the shares held directly by Octo Holdings Limited by virtue of Section 4 of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore ("SFA").

(2) Mr Francis Tjia is deemed interested in the shares held directly by TCA Management Limited. Octo Holdings Limited holds more than 20.0% of voting shares in TCA Management Limited and is accordingly deemed to have an interest in the shares directly held by TCA Management Limited by virtue of Section 4 of the SFA. Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited and accordingly is deemed interested in the shares held directly by TCA Management Limited by virtue of Section 4 of the SFA.

(3) Mr Francis Tjia is deemed interested in the shares held directly by TCA International Limited. TCA International Limited is wholly owned by TCA, L.P. TCA, L.P. is managed by its general partner, TCA Management Limited, who has been granted the authority to operate, manage and control the affairs of TCA, L.P., including making investment decisions and voting on the securities and interests held by TCA, L.P. including those in TCA International Limited. By virtue of Section 4 of the SFA, TCA Management Limited is deemed interested in the shares held by TCA International Limited. Octo Holdings Limited holds more than 20.0% of voting shares in TCA Management Limited and is accordingly deemed to have an interest in the shares held by TCA Management Limited (through TCA, L.P. and TCA International Limited) by virtue of Section 4 of the SFA. Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited and accordingly is deemed interested in the shares held by TCA International Limited (through TCA, L.P., TCA Management Limited and Octo Holdings Limited) by virtue of Section 4 of the SFA.

(4) Mr Michael Cheung is deemed to have an interest in the 10,764,439 shares held by him through a nominee account maintained with Citibank Nominees Singapore Pte. Ltd.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares, debentures, warrants or share options of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Neither at the end of, nor at any time during the financial year, was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

SHARE OPTIONS

TCA Employee Share Option Scheme

In conjunction with the Company's listing on the Catalist of Singapore Exchange Securities Trading Limited ("SGX-ST"), the Group has adopted an employee share option scheme known as the "TCA Employee Share Option Scheme" ("TCA ESOS") which was approved by the shareholders on 17 September 2021.

The objectives of the TCA ESOS are as follows: (a) foster an ownership culture within the Group which aligns the interests of the Group's employees with the interests of shareholders; (b) motivate participants to achieve key financial and operational goals of the Company and/or their respective business units; (c) make total employee remuneration sufficiently competitive to recruit and retain staff having skills that are commensurate with the Company's ambition to become a world-class company; and (d) to attract potential employees with relevant skills to contribute to the Group and to create value for the shareholders.

The TCA ESOS is administered by the Remuneration Committee ("RC") which consists of Mr Steven Petersohn, Mr David Leow and Mr Henry Tan with such powers and duties conferred to them by the Board. A member of the RC who is also a participant of the TCA ESOS must not be involved in its deliberation in respect of the Option granted or to be granted to him.

The further details of the TCA ESOS are set out in the section entitled "Appendix J - Rules of the TCA Employee Share Option Scheme" of the Offer Document. The TCA ESOS complies with the relevant rules as set out in Chapter 8 of the Catalist Rules.

There were no options granted to any employees and directors from the commencement of the TCA ESOS up to the end of the financial year.

There were no options being exercised during the financial year.

Directors' Statement

for the financial year ended 31 December 2022

AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee at the end of the financial year were as follows:

Mr Henry Tan (Chairman)
Mr David Leow
Mr Steven Petersohn

All members of the Audit and Risk Committee were independent and non-executive directors.

The Audit and Risk Committee carried out its functions and reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;
- the assistance given by the Company's management to the independent auditor;
- the independence and objectivity of the independent auditor;
- the consolidated financial statements of the Group for the financial year ended 31 December 2022 and the statement of financial position of the Company as at 31 December 2022 before their submission to the Board of Directors, as well as the independent auditor's report on the consolidated financial statements of the Group and the statement of financial position of the Company; and
- Interested person transactions as defined under Chapter 9 of the Catalist Rules to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholders;

The Audit and Risk Committee confirmed that it has undertaken a review of all non-audit services provided by the independent auditor to the Group and is satisfied that the nature and extent of such services would not affect the independence of the independent auditor.

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit and Risk Committee. The Audit and Risk Committee has recommended to the Board of Directors the nomination of PricewaterhouseCoopers LLP, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

INDEPENDENT AUDITOR

The independent auditor, PricewaterhouseCoopers LLP, has expressed its willingness to accept re-appointment.

On behalf of the Directors,

Francis Tjia
Director

Henry Tan
Director

6 April 2023

Independent Auditor's Report

to the Members of Trans-China Automotive Holdings Limited

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our Opinion

In our opinion, the accompanying consolidated financial statements of Trans-China Automotive Holdings Limited ("the Company") and its subsidiaries ("the Group") and the statement of financial position of the Company present fairly, in all material aspects, the consolidated financial position of the Group and the financial position of the Company as at 31 December 2022 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group for the financial year then ended in accordance with the International Financial Reporting Standards ("IFRSs").

What we have audited

The financial statements of the Company and the Group comprise:

- the consolidated statement of comprehensive income of the Group for the financial year ended 31 December 2022;
- the consolidated statement of financial position of the Group as at 31 December 2022;
- the statement of financial position of the Company as at 31 December 2022;
- the consolidated statement of changes in equity of the Group for the year then ended;
- the consolidated statement of cash flows of the Group for the year then ended; and
- the notes to the financial statements, including a summary of significant accounting policies.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code.

Independent Auditor's Report

to the Members of Trans-China Automotive Holdings Limited

Our Audit Approach

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the accompanying financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements for the year ended 31 December 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Recognition of vendor rebates receivable	
Refer to Notes 2.26, 4(d) and 9 to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates. The Group earns vendor rebates from the purchases of automobiles from different automobile vendors. These rebate arrangements vary between vendors and mainly include volume-based purchase rebates, vendor rebates for specific models and performance rebates. The vendor rebates are recognised as a deduction from the cost of purchase of automobiles once the entitlement conditions are fulfilled.	Our procedures in relation to the recognition of vendor rebates receivable included: • Obtained an understanding of, evaluated and tested, on a sample basis, the Group's key internal controls in relation to the recognition of vendor rebates; • Assessed the Group's accounting policies in respect of the various types of vendor rebates by evaluating the terms and conditions of the types of rebate arrangements with reference to the requirements of the prevailing accounting standards; • For vendor rebates receivable at year end, assessed whether the Group has fulfilled the entitlement conditions by comparing the inputs of the rebates calculations against the relevant information, documents and correspondence with the vendors on a sampling basis, including but not limited to the purchase volume, customer satisfaction ratings and sales amount of specific automobile models within the period specified in the relevant rebate scheme agreements;

Independent Auditor's Report

to the Members of Trans-China Automotive Holdings Limited

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
As at 31 December 2022, the Group has vendor rebates receivable of approximately RMB140,165,000 (2021: 126,471,000), estimated by management, based on the entitlement conditions that the Group considered have fulfilled. We identified recognition of vendor rebates receivable as a key audit matter as the balance is material to the consolidated financial statements, and the variety of rebate arrangements and the calculation of such rebates involve management's estimation in accordance with the relevant entitlement conditions.	• Reperformed the calculations of the vendor rebates receivable at year end based on the terms and conditions of the underlying vendor rebates arrangements on a sampling basis; • Circulated confirmations to the respective automobile vendors to confirm the rebate balances entitled by the Group as at year end on a sampling basis; • Checked, on a sampling basis, invoices received from the automobile vendors subsequent to the year end in respect of the vendor rebates receivable at the year end; and • Evaluated the outcome of prior period assessment of the estimation of vendor rebates receivable to assess the effectiveness of management's estimation process on a sampling basis. Based the procedures above, we considered management's estimation applied in respect of the recognition of vendor rebates receivable were supportable by available evidence.
Net realisable value of inventories Refer to Notes 2.13 and 4(c) to the consolidated financial statements for the disclosures of the related accounting policies, judgements and estimates. At 31 December 2022, inventories of the Group which comprised of mainly automobiles amounted to approximately RMB478.7 million. These inventories are carried at the lower of cost and net realisable value.	Our procedures in relation to management's assessment of net realisable value of inventories included: • Obtained an understanding of the management's internal control and assessment process of net realisable value of inventories and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and level of other inherent risk factors. • Compared prior year estimates to actual results in the current year and inquired of management reasons for any significant differences to assess quality of estimates made by management.

Independent Auditor's Report

to the Members of Trans-China Automotive Holdings Limited

Key Audit Matters (Continued)

Key Audit Matter	How our audit addressed the Key Audit Matter
Management determines the net realisable value of automobiles by applying judgment and assumptions. Management evaluates, among other factors, the latest actual selling prices and/or the estimated selling price of respective automobiles based on the prevailing market information available for the comparable year and model. For the year ended 31 December 2022, a provision for inventories of RMB26.1 million (2021: RMB5.1 million) is determined to be necessary. We focused on this area due to the size of the inventories balance and the judgments involved by management in determining the net realisable value of the inventories which is subject to high level of estimation uncertainty.	• Tested the reliability of the inventory report, including the completeness and accuracy of the underlying data, on a sampling basis. • Validated management's assumptions on the net realisable value of the selected samples of motor vehicles against the latest/subsequent sales records or indicative market price obtained via research through the internet. • Reperformed calculations of the inventory provision and tested the mathematical accuracy of the calculation of the provision for inventories. Based on the procedures performed, we considered management's assessment of the net realisable value of inventories to be supportable by available evidence.

Other Information

Management is responsible for the other information. The other information comprises all the sections of the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of financial statements in accordance with the IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

Independent Auditor's Report

to the Members of Trans-China Automotive Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Independent Auditor's Report

to the Members of Trans-China Automotive Holdings Limited

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Rebekah Khan.

PricewaterhouseCoopers LLP
Public Accountants and Chartered Accountants
Singapore, 6 April 2023

Consolidated Statement of Comprehensive Income

for the financial year ended 31 December 2022

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Revenue	21	**4,026,553**	4,515,662
Cost of sales	24	**(3,829,429)**	(4,144,098)
Gross profit		**197,124**	371,564
Other income	22	**122,894**	99,500
Other gains, net	23	**6,618**	11,040
Selling expenses	24	**(100,483)**	(84,550)
Administrative expenses	24	**(166,736)**	(187,639)
Operating profit		**59,417**	209,915
Finance income		**6,246**	1,485
Finance costs		**(37,447)**	(48,184)
Finance costs, net	26	**(31,201)**	(46,699)
Profit before income tax		**28,216**	163,216
Income tax expense	27	**(7,258)**	(39,253)
Profit for the year		**20,958**	123,963
Other comprehensive profit:			
Items that may be reclassified to profit or loss:			
– Currency translation differences		**(6,831)**	1,785
Total comprehensive income for the year		**14,127**	125,748
Earnings per share attributable to owners of the Company			
Basic	29	**0.04**	0.24
Diluted	29	**0.04**	0.24

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The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**227,942**	184,305
Right-of-use assets	6	**310,465**	317,888
Intangible assets	7	**78,909**	79,716
Deferred income tax assets	28	**9,757**	5,371
		627,073	587,280
Current assets			
Inventories	11	**478,706**	330,916
Trade and other receivables	9	**239,520**	195,512
Prepayments and deposits	10	**159,589**	406,852
Pledged bank deposits and cash and cash equivalents	12	**204,984**	308,726
Cash and cash equivalents	12	**106,305**	153,324
		1,189,104	1,395,330
Total assets		**1,816,177**	1,982,610
Equity attributable to the owner of the Company			
Share capital	14	**41,994**	38,450
Share premium	14	**82,796**	81,719
Reserves		**68,803**	69,961
Retained earnings		**102,490**	102,231
Total equity		**296,083**	292,361

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Financial Position

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	18	–	17,921
Lease liabilities	6	219,926	218,156
Deferred income tax liabilities	28	41,131	41,311
Amount due to the immediate holding company	31(a)	71,790	94,747
		332,847	372,135
Current liabilities			
Trade and bills payable	16	611,484	459,528
Accruals and other payables	16	47,457	55,464
Contract liabilities	17	121,573	182,986
Bank and other borrowings	18	382,378	582,337
Lease liabilities	6	20,844	16,197
Current income tax liabilities		3,511	21,602
		1,187,247	1,318,114
Total liabilities		1,520,094	1,690,249
Total equity and liabilities		1,816,177	1,982,610

Statement of Financial Position

For the financial year ended 31 December 2022

	Note	2022 RMB'000	2021 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		**–***	–*
Current assets			
Trade and other receivables	9	**–**	1,055
Prepayments and deposits	10	**87**	63
Amounts due from subsidiaries	31(a)	**215,778**	199,082
Cash and cash equivalents	12	**27,385**	79,512
		243,250	279,712
Total assets		**243,250**	279,712
Equity attributable to the owner of the Company			
Share capital	14	**41,994**	38,450
Share premium	14	**82,796**	81,719
Reserves		**(299,149)**	(275,512)
Retained earnings		**283,160**	49,838
Total equity/(deficit)		**108,801**	(105,505)
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	18	**–**	17,921
Amount due to the immediate holding company	31(a)	**71,790**	94,747
		71,790	112,668
Current liabilities			
Accruals and other payables	16	**1,050**	1,291
Amount due to subsidiaries	31(a)	**24,846**	253,369
Bank and other borrowings	18	**36,763**	17,889
		62,659	272,549
Total liabilities		**134,449**	385,217
Total equity and liabilities		**243,250**	279,712

* Below RMB1,000

The accompanying notes form an integral part of these consolidated financial statements

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve (Note (ii)) RMB'000	Exchange reserve RMB'000	Capital reserve RMB'000	Share-based payment reserve (Note (i)) RMB'000	Distributable reserve RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
As at 1 January 2021	330,175	8,316	24,077	6,416	(171,630)	3,553	–	(121,446)	79,461
Comprehensive income									
Profit for the year	–	–	–	–	–	–	–	123,963	123,963
Other comprehensive income									
Currency translation differences	–	–	–	1,785	–	–	–	–	1,785
Total comprehensive income for the year	–	–	–	1,785	–	–	–	123,963	125,748
Transaction with owners									
Issuance of scrip dividend (Note 14)	5,433	86,890	–	–	–	–	–	–	92,323
Reduction of share capital (Note 14)	(297,158)	(8,316)	–	–	–	–	194,642	110,832	–
Capitalisation of listing expenses upon listing (Note 14)	–	(5,171)	–	–	–	–	–	–	(5,171)
Transfer to retained earnings upon lapse of share award scheme	–	–	–	–	–	(3,553)	–	3,553	–
Transfer to statutory reserve	–	–	14,671	–	–	–	–	(14,671)	–
Total transaction with owners	(291,725)	73,403	14,671	–	–	–	194,642	99,714	87,152
As at 31 December 2021	38,450	81,719	38,748	8,201	(171,630)	–	194,642	102,231	292,361

Consolidated Statement of Changes in Equity

For the financial year ended 31 December 2022

	Attributable to owners of the Company								
	Share capital RMB'000	**Share premium RMB'000**	**Statutory reserve (Note (ii)) RMB'000**	**Exchange reserve RMB'000**	**Capital reserve RMB'000**	**Share-based payment reserve (Note (i)) RMB'000**	**Distributable reserve RMB'000**	**Retained earnings RMB'000**	**Total RMB'000**
As at 1 January 2022	38,450	81,719	38,748	8,201	(171,630)	–	194,642	102,231	292,361
Comprehensive income									
Profit for the year	–	–	–	–	–	–	–	20,958	20,958
Other comprehensive income									
Currency translation differences	–	–	–	(6,831)	–	–	–	–	(6,831)
Total comprehensive income for the year	–	–	–	(6,831)	–	–	–	20,958	14,127
Transaction with owners									
Issuance of scrip dividend (Note 14)	3,544	1,077	–	–	–	–	–	(4,621)	–
Cash dividend paid (Note 19)	–	–	–	–	–	–	–	(10,405)	(10,405)
Transfer to statutory reserve	–	–	5,673	–	–	–	–	(5,673)	–
Total transaction with owners	3,544	1,077	5,673	–	–	–	–	(20,699)	(10,405)
As at 31 December 2022	41,994	82,796	44,421	1,370	(171,630)	–	194,642	102,490	296,083

Notes:

(i) The share-based payment reserve represents the balance arising from the issuance of new shares and the share option scheme. The details are set out in Note 15 to the consolidated financial statements.

(ii) The statutory reserves are non-distributable and the transfers of these funds are determined by the directors of the relevant subsidiaries in the Group in accordance with the laws and regulations in the People's Republic of China (the "PRC").

Consolidated Statement of Cash Flows

For the financial year ended 31 December 2022

	Note	Year ended 31 December 2022 RMB'000	2021 RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**255,147**	263,752
Income tax paid		**(29,910)**	(33,755)
Net cash generated from operating activities		**225,237**	229,997
Cash flows from investing activities			
Interest received		**4,387**	1,485
Purchases of property, plant and equipment	5	**(98,766)**	(50,896)
Proceeds from disposal of property, plant and equipment	30(b)	**31,737**	23,600
Payment for financial assets at fair value through profit or loss		**–**	2,502
Net cash used in investing activities		**(62,642)**	(23,309)
Cash flows from financing activities			
Proceeds from issuance of shares		**–**	92,323
Interest paid		**(37,145)**	(48,184)
Proceeds from bank and other borrowings	30(c)	**2,516,115**	3,555,682
Repayment to bank and other borrowings	30(c)	**(2,737,175)**	(3,544,149)
Principal elements of lease payments	30(c)	**(18,060)**	(13,565)
Decrease/(increase) of pledged bank deposits		**103,742**	(159,189)
Repayment to the immediate holding company	30(c)	**(30,000)**	(36,215)
Dividend paid	19	**(10,405)**	–
Listing expenses paid (equity portion)		**–**	(3,137)
Net cash used in financing activities		**(212,928)**	(156,434)
Net (decrease)/increase in cash and cash equivalents		**(50,333)**	50,254
Cash and cash equivalents			
Beginning of financial year		**153,324**	105,815
Effect of translation of cash and cash equivalents		**3,314**	(2,745)
End of financial year	12	**106,305**	153,324

The accompanying notes form an integral part of these consolidated financial statements

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

1 GENERAL INFORMATION

Trans-China Automotive Holdings Limited (the "Company") was 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.

The Company's shares were listed on the Catalist Board of the Singapore Exchange Securities Trading Limited ("the Listing") on 11 November 2021.

The consolidated financial statements are presented in Renminbi ("RMB") and rounded to the nearest thousand ("RMB'000"), unless otherwise stated. The certain disclosures in the financial statements refers to Hong Kong Dollars ("HK$") and Singapore Dollars ("SGD")

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the International Financial Reporting Standards ("IFRSs") under the historical cost convention, except as disclosed in the accounting policies below.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

Interpretations and amendments to published standards effective in 2022

Annual Improvements Project (amendments)	Annual Improvements to IFRSs 2018-2020 (amendments)
IFRS 3 (Amendments)	Reference to the Conceptual Framework
IAS 16 (Amendments)	Proceeds before Intended Use

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

A number of new standards and amendments to standards that are relevant to the Group but not yet effective for the financial year beginning at 1 January 2022 and have not been early adopted by the Group.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

		Effective for annual periods beginning on or after
IFRS 16 (Amendments)	Lease Liability in a Sales and Leaseback	1 January 2023
IFRS 17	Insurance Contracts	1 January 2023
IFRS 17 (Amendments)	Initial Application of IFRS 17 and IFRS 9 – Comparative Information	1 January 2023
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2024
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

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.

2.2 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses in the Company's balance sheet. On disposal of such investments, the difference between disposal proceeds and the carrying amounts of the investments are recognised in profit or loss.

Investments in subsidiaries are tested for impairment whenever there is any objective evidence or indication that these assets may be impaired.

For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash inflows that are largely independent of those from other assets. If this is the case, the recoverable amount is determined for the CGU to which the asset belongs.

If the recoverable amount of the asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of the Group has appointed a strategic steering committee which assesses the financial performance and position of the group, and makes strategic decisions. The steering committee, which has been identified as being the chief operating decision maker, consists of the chief executive officer, the chief financial officer and the manager for corporate planning.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

2.6 Foreign currency translation

(a) Functional currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency").

The consolidated financial statements are presented in RMB. The functional currency of the Company is United States dollars ("US$").

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.6 Foreign currency translation (Continued)

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in the consolidated statement of comprehensive income. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income, within finance costs. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income on a net basis within "Other gains, net".

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss and translation differences on non-monetary assets such as equities classified as fair value through other comprehensive income are recognised in other comprehensive income.

(c) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the date of that the consolidated statement of financial position;

(ii) income and expenses for statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions), and

(iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives or, in the case of leasehold improvements and certain leased plant and equipment, the shorter lease term as follows:

Leasehold improvements	Over the term of the leases
Plant and machinery	10% to 20%
Furniture, fixtures and office equipment	10% to 33 ⅓%
Automobiles	20% to 33 ⅓%

Construction-in-progress represents automobile sales centres under construction. It is stated at cost less any identified impairment loss. Construction-in-progress is not depreciated until the construction is completed and the relevant assets are ready to be put into operation.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.9).

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2.8 Intangible assets

(a) Goodwill

Goodwill arising from the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (cont'd)

(b) Dealership rights

Dealership rights that are acquired by the Group are stated in the consolidated statement of financial position at cost less accumulated amortisation and impairment losses (Note 2.9). Amortisation of dealership rights is charged to profit or loss on a straight-line basis over the assets' estimated useful life of 15 years. The useful life and method of amortisation of the dealership rights are reviewed annually.

2.9 Impairment of non-financial assets

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGU). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.10 Investments and other financial assets

(i) Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured at amortised cost, and
- those to be measured subsequently at fair value (either through OCI or through profit or loss)

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income ("FVOCI"). Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation.

(ii) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (cont'd)

(iii) Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ("FVPL"), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

(iii) Measurement

Debt instruments

Subsequent measurement of debt instruments depends on the group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "Other gains, net" together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "Other gains, net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "Other gains, net" and impairment expenses are presented as separate line item in the statement of profit or loss.

- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "Other gains, net" in the period in which it arises.

(iv) Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The derivatives of the Group are warrant.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated statement of financial position where the Group currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The Group has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set off in certain circumstances, such as bankruptcy or the termination of a contract.

2.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of weighted average costs. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.14 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 9 for further information about the Group's accounting for trade receivables and Note 3.1 for a description of the Group's impairment policies.

2.15 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions.

2.16 Share capital

Ordinary or preference shares are classified as equity when there is no contractual obligation to deliver cash or other financial assets to another person or entity or to exchange financial assets or liabilities with another person or entity that are potentially unfavourable to the issuer.

Incremental costs directly attributable to the issue of new ordinary shares or preference shares are shown in equity as a deduction, net of tax, from the proceeds.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 Trade and other payables

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

2.18 Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statement of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as finance costs.

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.19 Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are expensed in the year in which they are incurred.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 Current and deferred income tax

The income tax expense or credit for the year is the tax payable on the current year' taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 Employee benefits

(a) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated statement of financial position.

(b) Post-employment obligations

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Hong Kong

The Group operates a defined contribution plan, the Mandatory Provident Fund scheme ("MPF") in Hong Kong, the assets of which are generally held in separate trustee-administered funds.

The Group's contributions to the defined contribution plan are charged to the consolidated statement of comprehensive income in the year incurred. The Group has no further payment obligations once the contributions have been paid.

PRC

Pursuant to the relevant local regulations in the PRC, the PRC subsidiaries of the Group participate in government retirement benefit schemes and are required to contribute to the scheme to fund the retirement benefits of the eligible employees. Contributions made to the schemes are calculated based on certain percentages of the applicable payroll costs or fixed sums for each employee with reference to a salary scale, as stipulated under the requirements in the PRC. The Group has no further obligation beyond the required contributions. The contributions under the schemes are expensed in the consolidated statement of comprehensive income as incurred.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.22 Share-based payments

Share-based compensation benefits are provided to employees via the share option scheme. Information relating to these schemes is set out in Note 15.

Employee options

The fair value of options granted under the share option plan is recognised as an employee benefits expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions
- excluding the impact of any service and non-market performance vesting conditions (eg profitability, sales growth targets and remaining an employee of the entity over a specified time period), and
- including the impact of any non-vesting conditions (e.g. the requirement for employees to save or hold shares for a specific period of time).

At the end of each period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Employee share scheme

Under the employee share scheme, shares issued to employees for no cash consideration vest immediately on grant date. On this date, the market value of the shares issued is recognised as an employee benefits expense with a corresponding increase in equity.

2.23 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.24 Revenue and income recognition

(a) Sales of automobiles

Revenue and agency revenue are recognised when the control of the automobiles are transferred to the customers at a point in time, being when the automobiles are delivered to the customers, the customers have full discretion over the channel and price to sell the automobiles, and there is no unfulfilled obligation that could affect the customers' acceptance of the products. Delivery occurs when the automobiles have been shipped to the specified location, the risks of obsolescence and loss have been transferred to the customers.

A receivable is recognised when the automobiles are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Deposit from customers and unused cash coupon issued for car maintenance service are recognised as contract liabilities.

After sales services is recognised when the relevant service is rendered without further performance obligations.

(b) Handling and commission fee, and insurance rebate

Handling and commission fee, and insurance rebate are recognised at the time when the services concerned are rendered to customers.

(c) Marketing support fee from manufacturers

Marketing support fee from manufacturers is recognised when the conditions of such marketing support fee have been fulfilled.

(d) Cash coupons

Customers can use the cash coupons on purchases of vehicle maintenance and aftersales services. The cash coupons are recognised as contract liabilities at their fair value at the initial issue date and revenue from these coupons is recognised when the coupons are redeemed. Cash coupons expire 24 months after the initial sale transaction.

2.25 Interest income

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.26 Vendor rebates

Incentive rebates provided by vendors are recognised to the extent that the Group estimates it is probable that the associated conditions will be met and the amount can be estimated reliably. For vendor rebates that the Group considered associated conditions will be met but have yet been confirmed by the respective vendors, vendor rebates receivable are recognised at the year of each reporting period.

Incentive rebates relating to vehicles purchased and sold are deducted from cost of sales, and the incentive rebates relating to vehicle purchased but still held as inventories at the end of financial period will be deducted from the carrying value of such vehicles when they are sold so that the cost of inventories is net of the applicable rebates.

2.27 Dividends distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders or directors, where appropriate.

2.28 Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices. However, for leases of real estate for which the group is a lessee, it has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.28 Leases (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third-party financing, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life. While the Group revalue its land and buildings that are presented within property, plant and equipment, it has chosen not to do so for the right-of-use buildings held by the Group.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's principal activities is investing in "4S" (sales, spare part, service and survey) dealerships in the PRC. Risk management is carried out by management under the direction of the directors. Management reviews and approves principles for overall risk management, as well as policies and procedures covering specific areas, such as cash flow and fair value interest-rate risk, credit risk and liquidity risk. These policies and procedures enable management to make strategic and informed decision with regard to the operations of the Group. The Group is not exposed to significant currency risk as there are no significant assets, liabilities or transactions denominated in currencies other than the Group entities' functional currencies.

(a) Cash flow and fair value interest-rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates as the Group has no significant interest-bearing assets except for cash at banks. The Group's exposures to changes in interest rates are mainly attributable to its borrowings.

Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates.

As at 31 December 2022, if interest rates on borrowings had been 10 basis points higher/lower with all other variables held constant, the Group's profit for the year would have been RMB648,000 (2021 RMB714,000) lower/higher, mainly as a result of higher/lower interest expenses on floating rate borrowings.

(b) Credit risk

The Group is exposed to credit risk in relation to its trade and other receivables, amount due from fellow subsidiaries, pledged deposits and cash at bank and on hand. The carrying trade and other receivables, amount due from fellow subsidiaries, pledged deposits and cash at bank and on hand represent the Group's maximum exposure to credit risk in relation to financial assets.

The Group applied the simplified approach in IFRS 9 to measure the credit loss allowance at lifetime expected credit loss ("ECL"). Except for handling and commission fee and insurance commission receivable, mortgage commission fee receivable, and indemnity and vendor rebates receivable from manufacturers with known insolvencies or significant outstanding balances which are assessed individually based on the credit risk of the counterparty, the Group determines the expected credit loss on the trade receivables by using a provision matrix grouped by common risk characteristic.

The Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverability of these receivables at the end of each reporting period to ensure that adequate expected impairment losses are made

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating;
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the customer's ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtor/customer;
- significant increases in credit risk on other financial instruments of the same customer; and
- significant changes in the expected performance and behaviour of the customer, including changes in the payment status of customer in the group and changes in the operating results of the customer.

Cash is deposited in financial institutions with high credit quality and the Group does not expect any significant counterparty risk. Moreover, credit limits are set for individual counterparties and periodic reviews are conducted to ensure that the limits are strictly followed.

For deposits and other receivables and amounts due from fellow subsidiaries, the Group has policies in place to monitor the credit exposure of the fellow subsidiaries. The Group will assess the financial capabilities of the fellow subsidiaries including their repayment histories and financial conditions. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. Management is of the opinion that the risk of default by the fellow subsidiaries company is low.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group applies the "three-stage" approach on deposits, other and vendor rebates receivable to provide for expected credit loss ("ECL"). The maximum period considered when measuring ECL is the maximum contractual period over which the Group is exposed to credit risk. IFRS 9 outlines the "three-stage" model for impairment based on the changes in credit quality since initial recognition are summarised as follows:

- Stage 1: Financial instruments that are not credit-impaired on initial recognition and has their credit risk continuously monitored by the Group. Provision for impairment is measured at an amount equal to the portion of lifetime expected credit losses that result from default events possible within the next 12 months ("12-month ECL");

- Stage 2: Financial instruments with significant increase in credit risk since initial recognition, but are not yet deemed to be credit-impaired. Provision for impairment is measured based on expected credit losses on a lifetime basis ("lifetime ECL"); and

- Stage 3: Financial instruments that are credit impaired where provision for impairment is measured based on lifetime ECL.

The Group measures provision for impairment of financial assets under IFRS 9 ECL model. The ECL is measured on either a 12-month or lifetime basis, depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. The measurement of ECL is a function of PD, EAD and LGD that are defined below:

- Probability of Default ("PD"): The PD represents the likelihood of a customer defaulting on the corresponding loan and interest receivable (as per "Definition of default and credit-impaired" above);

- Exposure at Default ("EAD"): The EAD represents the expected balance at default, taking into account the repayment of principal and interest from the balance sheet date to the default event. EAD is based on the amounts the Group expects to be owed at the time of default; and

- Loss given Default ("LGD"): The LGD represents expected losses on the EAD given the event of default, taking into account, among other attributes, the mitigating effect of collateral value at the time it is expected to be realised and the time value of money. LGD representing the percentage of loss expected to be made if the default occurs in the next 12 months or over the remaining expected lifetime of the loan respectively.

The lifetime PD is calculated by applying a maturity profile to the 12-month PD. The maturity profile set out how defaults develop on a loan portfolio from the point of initial recognition throughout the lifetime of the loans. The maturity profile is based on historical data and is assumed to be the same across all loans in a portfolio supported by historical analysis.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

Forward-looking information incorporated in the ECL model

The assessment of ECL incorporates forward-looking information and is performed on a quarterly basis on each loan portfolio. The criteria used in the assessment are monitored and reviewed periodically for appropriateness by the management. The Group considers forward-looking information with reference to the macro-economic indicators in the PRC including:

- Annual Industrial production growth; and
- Unemployment rate.

During the year ended 31 December 2022, the expected credit loss is minimal and the expected credit loss rate approximate to zero, given there is no history of significant defaults and no adverse change is anticipated in the future business environment (2021: Same).

(c) Liquidity risk

Prudent liquidity management implies maintaining sufficient cash and cash equivalents and the availability of funding through an adequate amount of committed credit facilities.

The Group's primary cash requirements have been the payment for operating expenses. The Group mainly finances its working capital requirements through proceeds from bank and other borrowings.

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure it maintains sufficient cash and cash equivalents and adequate amount of committed credit facilities to meet its liquidity requirements in the short and long term.

As at 31 December 2022 and 2021, the contractual undiscounted cash flows of the Group's current financial liabilities approximate their respective carrying amounts due to their short maturities.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	On demand/ maturity less than 1 year RMB'000	Maturity between 1 to 2 year RMB'000	Maturity between 2 to 5 year RMB'000	Maturity over 5 year RMB'000	Total RMB'000
At 31 December 2022					
Trade and bills payable, accruals and other payables (excluding salaries payables and other taxes payables)	633,684	–	–	–	633,684
Borrowings including accrued interests	390,588	–	–	–	390,588
Lease liabilities	36,507	37,526	94,640	175,053	343,726
Amount due to the immediate holding company	–	71,790	–	–	71,790
	1,060,779	109,316	94,640	175,053	1,439,788
At 31 December 2021					
Trade and bills payable, accruals and other payables (excluding salaries payables and other taxes payables)	481,530	–	–	–	481,530
Borrowings including accrued interests	590,808	18,208	–	–	609,016
Lease liabilities	35,667	36,207	106,397	201,501	379,772
Amount due to the immediate holding company	–	94,747	–	–	94,747
	1,108,005	149,162	106,397	201,501	1,565,065

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt, as the directors may consider necessary.

The Group manages the capital structure and make adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the dividend payments to shareholders, return capital to shareholders, issue new shares or obtain funding from the holding companies and related companies.

3.3 Fair value estimation

Financial asset and financial liabilities

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are recognised and measured at fair value in the consolidated financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level is as follows:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs are not based on observable market data, the instrument is included in level 3.

(b) Fair value measurements

The fair values of the Group's financial liabilities at 31 December 2022 were based on valuations carried out by an independent qualified professional valuer that is not connected with the Group.

Details of the financial assets at FVPL convertible notes and warrant are disclosed in Note 13 respectively to the consolidated financial statements.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.4 Financial instruments by category

	2022 RMB'000	2021 RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables (Note 9)	**239,520**	195,512
Deposits	**8,401**	7,993
Pledged bank deposits (Note 12)	**204,984**	308,726
Cash and cash equivalents (Note 12)	**106,305**	153,324
Total financial assets	**559,210**	665,555
Financial liabilities		
Financial liabilities at amortised costs:		
Trade and bills payable, accruals and other payables (excluding salaries payables and other tax payables)	**633,684**	481,530
Bank and other borrowings (Note 18)	**382,378**	600,258
Amount due to the immediate holding company (Note 31(a))	**71,790**	94,747
Lease liabilities (Note 6)	**240,770**	234,353
Total financial liabilities	**1,328,622**	1,410,888

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

(a) Impairment of intangible assets, goodwill and property, plant and equipment

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset values may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less costs to sell and net present value of future cash flows which are estimated based upon the continued use of the asset in the business; and (iii) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the pre-tax discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value used in the impairment test and as a result affect the Group's financial position and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to profit or loss.

Non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amounts have been determined based on value-in-use calculations or fair value less costs to sell. These calculations require the use of estimates and judgements.

(b) Current and deferred income tax

The Group is subject to income taxes in different jurisdictions. Judgement is required in determining the provision for income taxes in each of these jurisdictions. There are transactions and calculations during the ordinary course of business for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is probable that future taxable profits will be available against which the temporary differences or tax losses can be utilised. When the expectation is different from the original estimates, such differences will impact the recognition of deferred income tax assets and taxation charges in the period in which such estimates are changed.

(c) Net realisable value of inventories

As set out in accounting policy Note 2.13, motor vehicles held as inventories for sale are reviewed for their net realisable value periodically. Management determines the net realisable value of the motor vehicles against recent/subsequent sales records or indicative market price obtained through independent vehicle price research. Management will adjust the carrying amounts to the realisable value when they are different to those previously estimated net of cost for sales.

(d) Vendor rebate receivables

The Group computes and recognises vendor rebates to the extent management estimates it is probable that the associated conditions will be satisfied.

Specific factors management considered includes the actual sales volume patterns, the rebate rates applied, ongoing performance metrics and other available information regarding the credit worthiness of suppliers.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

5 PROPERTY, PLANT AND EQUIPMENT

	Construction -in-progress RMB'000	Leasehold improve -ments RMB'000	Plant and machinery RMB'000	Furniture, fixtures and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2021						
Opening net book amount	11,555	100,007	8,327	8,905	43,055	171,849
Additions	6,544	9,966	1,974	4,317	31,833	54,634
Disposals	(19)	–	(97)	(166)	(18,545)	(18,827)
Depreciation (Note 24)	–	(8,872)	(2,297)	(2,447)	(9,735)	(23,351)
Transfer	(17,938)	17,005	(3)	690	246	–
Closing net book amount	142	118,106	7,904	11,299	46,854	184,305
At 31 December 2021						
Cost	142	223,787	42,236	34,431	72,050	372,646
Accumulated depreciation and impairment	–	(105,681)	(34,332)	(23,132)	(25,196)	(188,341)
Net book amount	142	118,106	7,904	11,299	46,854	184,305
Year ended 31 December 2022						
Opening net book amount	142	118,106	7,904	11,299	46,854	184,305
Additions	30,974	17,206	3,734	2,710	44,142	98,766
Disposals	–	–	(164)	(195)	(24,439)	(24,798)
Depreciation (Note 24)	–	(12,057)	(2,420)	(4,084)	(11,770)	(30,331)
Transfer	(30,170)	27,114	2,447	609	–	–
Closing net book amount	946	150,369	11,501	10,339	54,787	227,942
At 31 December 2022						
Cost	946	269,748	45,754	35,087	80,161	431,696
Accumulated depreciation and impairment	–	(119,379)	(34,253)	(24,748)	(25,374)	(203,754)
Net book amount	946	150,369	11,501	10,399	54,787	227,942

Depreciation expense of approximately RMB16,716,000 (2021: RMB17,800,000) and RMB13,615,000 (2021: RMB5,551,000) has been charged to "Selling expenses" and "Administrative expenses" in the consolidated statement of comprehensive income respectively.

As at 31 December 2022, property, plant and equipment of RMB48,008,000 (2021: RMB63,706,000) was pledged as security for certain short-term borrowings of the Group (Note 18).

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

This note provides information for leases where the Group is a lessee

(i) Amounts recognised in the consolidated statement of financial position

The balance sheet shows the following amounts relating to leases:

	2022 RMB'000	2021 RMB'000
Right-of-use asset		
Land use rights	**111,079**	116,294
Buildings	**199,386**	201,322
Automobiles	**–**	272
	310,465	317,888
Lease liabilities		
Current	**20,844**	16,197
Non-current	**219,926**	218,156
	240,770	234,353

The Group leases various offices, showrooms, car park and stores. Rental contracts are typically made for fixed periods of 3 to 25 years. The Group has land lease arrangement with mainland China government and leased office and parking spaces in Hong Kong.

Additions to the right-of-use assets during the years ended 31 December 2022 are RMB26,166,000 (2021: RMB16,043,000).

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

6 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

(ii) Amounts recognised in the consolidated statement of financial position

	2022 RMB'000	2021 RMB'000
Depreciation charge of right-of-use assets		
Land use rights	**5,291**	5,291
Buildings	**26,743**	21,295
Automobiles	**272**	104
	32,036	26,690
Interest expense (included in finance cost)		
Buildings	**16,610**	15,649
Automobiles	**–**	10
	16,610	15,659

(a) The total cash outflow on leases for the year ended 31 December 2022 has amounted to RMB39,368,000 (2021: RMB33,129,000).

(b) For the year ended 31 December 2022, certain short-term borrowings of the Group are secured by land use rights (2021: Same) (Note 18).

(c) Depreciation expense of right-of-use assets of approximately RMB22,425,000 (2021: RMB18,682,000) and RMB9,611,000 (2021: RMB8,007,000) has been charged to "Selling expenses" and "Administrative expenses" in the consolidated statement of comprehensive income respectively.

(iii) Short-term leases and low-value assets

For the year ended 31 December 2022, lease payments for short-term leases amounted to RMB4,698,000 (2021: RMB3,905,000).

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for the financial year ended 31 December 2022

7 INTANGIBLE ASSETS

	Goodwill			
	BMW 4S dealership business RMB'000	McLaren 4S dealership business RMB'000	Dealership rights RMB'000	Total RMB'000
Year ended 31 December 2021				
Opening net book amount	48,750	4,172	27,601	80,523
Amortisation (Note 24)	–	–	(807)	(807)
Closing net book amount	48,750	4,172	26,794	79,716
At 31 December 2021				
Cost	48,750	4,172	32,443	85,365
Accumulated amortisation and impairment	–	–	(5,649)	(5,649)
Net book amount	48,750	4,172	26,794	79,716
Year ended 31 December 2022				
Opening net book amount	48,750	4,172	26,794	79,716
Amortisation (Note 24)	–	–	(807)	(807)
Closing net book amount	48,750	4,172	25,987	78,909
At 31 December 2022				
Cost	48,750	4,172	32,443	85,365
Accumulated amortisation and impairment	–	–	(6,456)	(6,456)
Net book amount	48,750	4,172	25,987	78,909

For the year ended 31 December 2022, amortisation expense of approximately RMB565,000 (2021: RMB565,000) and RMB242,000 (2021: RMB242,000) has been charged to "Selling expenses" and "Administrative expenses" in the consolidated statement of comprehensive income respectively.

Notes to the Consolidated Financial Statements

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7 INTANGIBLE ASSETS (CONTINUED)

Goodwill is allocated to the Group's 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 CGUs:

BMW 4S dealership business

	2022	2021
Revenue growth rate	**3.0% to 8.7%**	3.0% to 15.4%
Pre-tax discount rate	**14.0%**	14.0%
Terminal growth rate	**3.0%**	3.0%

Based on the impairment assessment performed by management, the estimated recoverable amount of BMW 4S dealership business is significantly higher than the carrying amount of the relevant goodwill. Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment of goodwill of BMW 4S dealership business.

McLaren 4S dealership business

	2022	2021
Revenue growth rate	**3.0% to 93.8%***	3.0% to 38.5%
Pre-tax discount rate	**14.0%**	14.0%
Terminal growth rate	**3.0%**	3.0%

* McLaren is introducing new models to China in early 2023 and together with an improved economy, the sales are expected to rebound to levels in 2020, before COVID-19 disruptions, resulting in such significantly high revenue growth. The growth is expected to return to a lower stable level in the long run.

If the following key parameters (i.e. revenue growth rate and pre-tax discount rate) change, with all other variables held constant, the headroom between the estimated recoverable amount and the carrying amount of the relevant goodwill would vary as follows:

	2022 RMB'000	2021 RMB'000
Revenue growth rate decreased by 5%	**4,244**	2,116
Pre-tax discount rate increased by 10%	**9,139**	3,828

There was no provision for impairment of intangible assets made during the years ended 31 December 2022 (2021: Nil).

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for the financial year ended 31 December 2022

8 SUBSIDIARIES

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2022	2021
TCAH (BVI) Limited	British Virgin Islands	US$1	Investment holding	**100%**	100%
Marine Pearl Limited	British Virgin Islands	US$10	Investment holding	**100%**	100%
TCA Foshan (BVI) Limited	British Virgin Islands	US$10	Investment holding	**100%#**	100%#
TCA Shenzhen (BVI) Limited	British Virgin Islands	US$10	Investment holding	**100%#**	100%#
TCA Guangzhou (BVI) Limited	British Virgin Islands	US$10	Investment holding	**100%#**	100%#
TCA Chongqing (BVI) Limited	British Virgin Islands	US$10	Investment holding	**100%#**	100%#
Landwealth Holdings Limited	British Virgin Islands	US$10,000	Investment holding	**100%#**	100%#
Trans-China Automotive Holdings (FS) Limited	Hong Kong	HK$97,556,115	Investment holding	**100%#**	100%#
佛山市珅寶汽車銷售服務有限公司 Foshan Shenbao Automobile Sales and Services Co., Ltd	PRC	RMB50,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
TCA Holdings (HK) Limited	Hong Kong	HK$126,856,939	Investment holding	**100%#**	100%#
深圳市創豐寶汽車銷售服務有限公司 Shenzhen Chuangfengbao Automobile Sales and Services Co., Ltd	PRC	RMB50,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#

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8 SUBSIDIARIES (CONTINUED)

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2022	2021
Focus Win (Guangzhou) Limited	Hong Kong	HK$64,797,862	Investment holding	**100%#**	100%#
Global Gallant Limited	Hong Kong	HK$1,000,000	Investment holding	**–#&**	100%#
廣州市昌寶汽車銷售服務有限公司 Guangzhou Changbao Automobile Sales and Services Co., Ltd	PRC	RMB56,246,115	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
Focus Win (Chongqing) Limited	Hong Kong	HK$128,180,393	Investment holding	**100%#**	100%#
重慶市慶德寶汽車銷售服務有限公司 Chongqing Qingdebao Automobile Sales and Services Co., Ltd	PRC	RMB80,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
Power Summit Corporation Limited	Hong Kong	HK$1,000,000	Investment holding	**100%#**	100%#
重慶百澤實業有限公司 Chongqing Baize Industrial Co., Ltd	PRC	RMB10,000,000	Assets holding	**100%#**	100%#
深圳市尚賢同企業諮詢管理服務有限公司 Shenzhen Shangxiantong Enterprise Consulting Management Service Co., Ltd	PRC	RMB20,000,000	Investment holding and provision of consulting services	**100%#**	100%#

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8 SUBSIDIARIES (CONTINUED)

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2022	2021
Auto Winning Limited	British Virgin Islands	US$1	Investment holding	**100%**	100%
Bright Promise Limited	Hong Kong	HK$1	Investment holding	**100%#**	100%#
深圳市創興盛汽車銷售服務有限公司 Shenzhen Bright Focus Automobile Sales and Services Co., Ltd	PRC	RMB55,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
長沙創興盛汽車銷售服務有限公司 Changsha Bright Focus Automobile Sales and Services Co., Ltd	PRC	RMB1,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
廣州市鋭盛汽車銷售服務有限公司 Guangzhou Ruisheng Automobile Sales and Services Co., Ltd	PRC	RMB1,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
武漢市鋭盛汽車銷售服務有限公司 Wuhan Ruisheng Automobile Sales and Services Co., Ltd	PRC	RMB1,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#

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8 SUBSIDIARIES (CONTINUED)

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2022	2021
Red Star (Shenzhen) Limited	Hong Kong	HK$100	Investment holding	**100%#**	100%#
耀驊汽車管理服務深圳有限公司 Yaohua Automobile Management Service (Shenzhen) Co., Ltd	PRC	RMB2,000,000	Providing management services to group entities	**100%#**	100%#
N-Tech Services Limited	Hong Kong	HK$1,000,000	Investment holding	**–#&**	100%#
深圳市祺烽汽車銷售服務有限公司 Shenzhen Qifeng Automobile Sales and Services Co., Ltd	PRC	RMB500,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	100%#
廣東耀驊租賃有限公司 Guangdong Yaohua Leasing Co., Ltd	PRC	RMB12,734,723	Provision of licensing service	**100%#**	100%#
廣州耀驊捷賽汽車銷售服務有限公司 Guangzhou Yaohua Genesis Automobile Sales and Services Co., Ltd	PRC	RMB10,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	–
長沙耀驊捷賽汽車銷售服務有限公司 Changsha Yaohua Genesis Automobile Sales and Services Co., Ltd	PRC	RMB20,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	–

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

8 SUBSIDIARIES (CONTINUED)

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2022	2021
佛山耀驊捷賽汽車銷售服務有限公司 Foshan Yaohua Genesis Automobile Sales and Services Co., Ltd	PRC	RMB10,000,000	Sale of automobiles and accessories, and provision of motor vehicle repair and maintenance services	**100%#**	–

* Audited by PricewaterhouseCoopers Hong Kong for consolidation purposes.
# Interest held indirectly
& Deregistered in December 2022

9 TRADE AND OTHER RECEIVABLES

The fair values of trade and other receivables are as follows:

	Group		Company	
	2022 RMB'000	**2021 RMB'000**	**2022 RMB'000**	**2021 RMB'000**
Trade receivables	**6,785**	8,998	**–**	–
Vendor rebates receivable	**140,165**	126,471	**–**	–
Value-added tax ("VAT") receivables	**44,366**	17,403	**–**	–
Handling and commission fee and insurance commission receivable	**10,917**	13,530	**–**	–
Mortgage commission fee receivable	**12,821**	3,940	**–**	–
Indemnity provided by manufacturers for repair and maintenance costs incurred	**15,314**	13,931	**–**	–
Other receivables	**9,152**	11,239	**–**	1,055
	239,520	195,512	**–**	1,055

The Group applies the simplified approach to provide for expected credit losses prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables. The Group considers the credit risk characteristics and the days past due to measure the expected credit losses. During the year ended 31 December 2022, the expected losses for customers of sales of goods is minimal and the expected credit loss rate is close to zero. No provision for impairment of trade receivables has been made throughout the years ended 31 December 2022 (2021: Nil).

The recoverability of vendor rebates and other receivables was assessed with reference to the credit status of the recipients, and there is no expected credit loss for future 12 months.

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for the financial year ended 31 December 2022

9 TRADE AND OTHER RECEIVABLES (CONTINUED)

The Group's and Company's receivables are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
RMB	**238,941**	194,457	**–**	–
HK$	**–**	–	**–**	–
US$	**579**	1,055	**–**	1,055
	239,520	195,512	**–**	1,055

10 PREPAYMENTS AND DEPOSITS

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
Current				
Prepayments to manufacturers	**104,716**	367,145	**–**	–
Security deposits for other borrowings from manufacturers	**33,050**	21,648	**–**	–
Other prepayments and deposits	**21,823**	18,059	**87**	63
Total prepayments and deposits	**159,589**	406,852	**87**	63

The carrying amounts of prepayments and deposits are denominated in RMB, US$ and HK$ and approximate their fair values.

The Group's and the Company's prepayment and deposits are denominated in the following currencies:

	Group		Company	
	2022	**2021**	**2022**	**2021**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000**
RMB	**158,647**	405,993	**–**	–
HK$	**784**	736	**–**	–
US$	**158**	123	**87**	63
	159,589	406,852	**87**	63

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11 INVENTORIES

	2022 RMB'000	2021 RMB'000
Automobiles	**455,868**	282,732
Spare parts	**48,947**	53,302
	504,815	336,034
Provision for inventories	**(26,109)**	(5,118)
	478,706	330,916

Inventories represent automobiles and motor spare parts. During the year ended 31 December 2022, the cost of inventories recognised as an expense and included as "Cost of sales" in the consolidated statement of comprehensive income amounted to approximately RMB3,777,077,000 (2021: RMB4,111,633,000) (Note 24).

As at 31 December 2022, borrowings from manufacturers are secured by floating charges applied on the automobiles held as inventories of the Group (2021: Same).

12 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Cash at banks	**106,140**	153,106	**27,385**	79,512
Cash on hand	**165**	218	**–**	–
Cash and cash equivalents	**106,305**	153,324	**27,385**	79,512
Pledged bank deposits	**204,984**	308,726	**–**	–
Total cash and cash equivalents and pledged bank deposits	**311,289**	462,050	**27,385**	79,512

Pledged bank deposits were pledged for bills payable granted by financial institutions to certain subsidiaries of the Group.

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12 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS (CONTINUED)

The Group's and the Company's cash and cash equivalents are denominated in the following currencies:

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
RMB	**77,463**	67,202	**–**	–
SGD	**25,658**	71,958	**25,658**	71,958
US$	**1,370**	10,040	**1,341**	7,520
HK$	**1,814**	4,124	**386**	34
	106,305	153,324	**27,385**	79,512

As at 31 December 2022, the Group has cash at banks amounting to approximately RMB77,289,000 held in the PRC (2021: RMB59,316,000). These cash and bank balances are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

The carrying amounts of the Group's pledged bank deposits and cash and cash equivalents approximate their fair values.

13 FINANCIAL ASSETS AT FVPL

Classification of financial assets at FVPL

The group classifies the following financial assets as FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

The Group's financial asset at FVPL comprises of unlisted securities investment. Detail of the information about the methods and assumptions used in determining the fair value are disclosed in Note 3.3.

Movement of the FVPL is summarized as fellow:

	2022 RMB'000	2021 RMB'000
Balance at beginning of year	**–**	2,502
Disposal	**–**	(2,502)
Balance at end of year	**–**	–

Notes to the Consolidated Financial Statements

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14 SHARE CAPITAL

	Number of ordinary shares	Share capital RMB'000	Share premium RMB'000	Total RMB'000
As at 1 January 2021	49,932,395	330,175	8,316	338,491
Reduction of share capital (Note (a))	–	(297,158)	(8,316)	(305,474)
Subdivision of shares (Note (b))	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 and 1 January 2022	584,323,950	38,450	81,719	120,169
Issuance of scrip dividend (Note (c))	5,291,233	3,544	1,077	4,621
As at 31 December 2022	589,615,183	41,994	82,796	124,790

Notes:

a) On 7 April 2021, the issued and paid-up share capital of the Company was reduced from US$49,932,395 (equivalent to approximately RMB330,175,000) 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 (equivalent to approximately RMB33,018,000) divided into 49,932,395 shares with a par value of US$0.10 each in the capital of the Company. Such capital reduction, together with the reduction in share premium of approximately RMB8,316,000, were credited to the distributable reserve of the Company of which US$16,255,000 (equivalent to approximately RMB110,831,000) was utilised to set off the accumulated losses of the Company. The board of directors of the Company can determine further utilization of the remaining balance of the distributable reserve of US$29,906,880 (equivalent to approximately RMB194,642,000) in accordance with the Company's Memorandum of Article and the applicable law.

b) 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.

c) On 29 June 2022, the Company issued 5,291,233 new ordinary shares at an issue price of SGD0.18 per share to shareholders who have elected to participate in the Scrip Dividend Scheme.

15 SHARE-BASED PAYMENTS

Share award scheme

The equity compensation agreement (the "Share award scheme") was approved by the board of directors in 2017 to issue a maximum of 2,600,000 ordinary shares of the Company to three designated employees at a consideration of US$1 for each employee. The employees are entitled to the share awards from 1 July 2017 to 31 December 2020.

On 10 September 2020, the Company issued a total of 2,593,626 ordinary shares (equivalent to approximately RMB22,824,000) to the three designated employees. The Share Award Scheme lapsed after 31 December 2020 and the relevant credit included in the share-based payment reserve (equivalent to approximately RMB3,553,000) was recycled to the retained earnings of the Company in 2021.

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16 TRADE AND BILLS PAYABLE, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Trade payables	**34,694**	36,076	**–**	–
Bills payable	**576,790**	423,452	**–**	–
Salaries payables	**21,455**	19,284	**–**	–
VAT payable	**1,869**	6,826	**–**	–
Other tax payables	**1,933**	2,907	**–**	–
Accrued listing expenses	**–**	1,279	**–**	1,279
Other accruals and payables	**22,200**	25,168	**1,050**	12
	658,941	514,992	**1,050**	1,291

Majority of the suppliers grant credit periods ranging from 30 to 60 days to the Group and the Company.

As at the consolidated statement of financial position date, the Group's and the Company's trade and bills payable, accruals and other payables approximate their fair values.

The Group's and the Company's trade and bills payable, accruals and other payables are denominated in the following currencies:

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
RMB	**655,018**	513,619	**–**	–
US$	**1,050**	1,291	**1,050**	1,291
HK$	**2,873**	82	**–**	–
	658,941	514,992	**1,050**	1,291

Notes to the Consolidated Financial Statements

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17 CONTRACT LIABILITIES

Contract liabilities represented the unused cash coupon issued by certain companies in the Group to customers for cars maintenance service and deposit from customers.

	2022 RMB'000	2021 RMB'000
Deposit from customers	**113,161**	173,098
Unused cash coupon	**8,412**	9,888
	121,573	182,986

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities and how much relates to performance obligations that were satisfied in a prior year:

	2022 RMB'000	2021 RMB'000
Revenue recognised in relation to contract liabilities at 1 January	**159,595**	156,382

18 BANK AND OTHER BORROWINGS

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Current:				
Bank borrowings - secured	**288,758**	270,389	**36,763**	17,889
Borrowings from manufacturers - secured	**65,599**	307,310	**–**	–
Other borrowings - secured	**28,021**	4,638	**–**	–
	382,378	582,337	**36,763**	17,889
Non-current:				
Bank borrowings - secured	**–**	17,921	**–**	17,921
	382,378	600,258	**36,763**	35,810

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

18 BANK AND OTHER BORROWINGS (CONTINUED)

The Group's and Company's borrowings were repayable as follows:

	Group					
	Bank borrowings		Borrowings from manufacturers		Other borrowings	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Within 1 year	**288,758**	270,389	**65,599**	307,310	**28,021**	4,638
Between 1 to 2 years	**–**	17,921	**–**	–	**–**	–
	288,758	288,310	**65,599**	307,310	**28,021**	4,638

	Company					
	Bank borrowings		Borrowings from manufacturers		Other borrowings	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Within 1 year	**36,763**	17,889	**–**	–	**–**	–
Between 1 to 2 years	**–**	17,921	**–**	–	**–**	–
	36,763	35,810	**–**	–	**–**	–

The Group's and Company's borrowings are denominated in the following currencies:

	Group		Company	
	2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
RMB	**345,615**	564,448	**–**	–
US$	**36,763**	35,810	**36,763**	35,810
	382,378	600,258	**36,763**	35,810

The weighted average effective interest rates per annum were as follows:

	2022	2021
Bank borrowings	**5.8%**	5.8%
Borrowings from manufacturers	**8.5%**	8.5%
Other borrowings	**6.4%**	6.9%

The fair values of the current borrowings approximate their fair value due to the short-term nature. The fair values of the non-current borrowings approximate their carrying amounts as at 31 December 2022 (2021: Same). Details of the Group's exposure to risks arising from non-current borrowings are set out in Note 3.1.

As at 31 December 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 (2021: Same).

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

18 BANK AND OTHER BORROWINGS (CONTINUED)

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

	2022 RMB'000	2021 RMB'000
Right-of-use assets	**111,079**	116,294
Property, plant and equipment (Note 5)	**48,008**	63,706
	159,087	180,000

As at 31 December 2022, borrowings from manufacturers are secured by floating charges applied on the automobiles held as inventories of the Group (2021: Same).

19 DIVIDENDS

	2022 RMB'000	2021 RMB'000
Ordinary dividends		
Scrip dividend paid in respect of the previous financial year of RMB0.0257 per share	**10,405**	–

At the Annual General Meeting on 26 April 2022, a final scrip dividend of RMB0.0257 cents per share for 404,619,723 shares of RMB10,405,000 has been paid on 29 June 2022.

In a board resolution dated 6 April 2023, the board declared an final dividend in the total amount of RMB4 million (equivalent to RMB0.0068 cents per share for 589,615,183 shares) for the year ended 31 December 2022.

The final dividend is subject to the shareholders' approval at the forthcoming annual general meeting. The final dividend proposed after 31 December 2022 has not been recognised as a liability as at 31 December 2022.

20 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 revenues.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

21 REVENUE

	2022 RMB'000	2021 RMB'000
Sales of automobiles	**3,518,168**	3,972,176
After sales services	**505,202**	543,486
Agent commission	**3,183**	–
	4,026,553	4,515,662

During the year ended 31 December 2022, all of the Group's revenue is from contracts with customers and is recognised at a point in time (2021: Same).

22 OTHER INCOME

	2022 RMB'000	2021 RMB'000
Handling and commission fee income	**88,321**	68,839
Insurance rebate	**7,903**	10,503
Deposit forfeited by customers	**6,541**	4,616
Government grants	**4,224**	1,922
Pre-owned cars and fleet sale commissions	**9,512**	8,579
Others	**6,393**	5,041
	122,894	99,500

23 OTHER GAINS, NET

	2022 RMB'000	2021 RMB'000
Gain on disposals of property, plant and equipment	**6,939**	4,773
Exchange differences	**576**	2,318
Waiver of payables to related parties	**105**	4,092
Tax capture	**(943)**	(335)
Others	**(59)**	192
	6,618	11,040

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

24 EXPENSES BY NATURE

	2022 RMB'000	2021 RMB'000
Cost of sales of automobiles and spare parts (Note 11)	**3,777,077**	4,111,633
Employee benefit expenses (including directors' emoluments) (Note 25)	**155,399**	157,031
Provision for inventories write-down	**20,991**	1,241
Auditor's remuneration	**3,072**	2,276
Advertising expenses	**15,243**	15,964
Fuel and maintenance expenses	**6,338**	5,952
Depreciation of property, plant and equipment (Note 5)	**30,331**	23,351
Depreciation of right-of-use assets (Note 6)	**32,036**	26,690
Amortisation of intangible assets (Note 7)	**807**	807
Bank charges	**2,007**	1,989
Entertainment	**976**	699
Legal and professional fees	**4,566**	7,336
Listing expenses	**-**	8,964
IT and security fees	**7,174**	7,272
Office, communication and utilities expenses	**14,113**	10,769
Other tax expenses	**17,638**	23,926
Short term lease expenses (Note 6)	**4,698**	3,905
Travelling expenses	**2,513**	2,647
Others	**1,669**	3,835
	4,096,648	4,416,287

Other tax expenses consist of business taxes such as consumption tax, urban maintenance and construction tax, property tax and luxury product tax that do not form part of income tax expenses.

25 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2022 RMB'000	2021 RMB'000
Wages and salaries	**142,481**	146,059
Pension costs - defined contribution plans	**12,918**	10,972
	155,399	157,031

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

26 FINANCE COSTS, NET

	2022 RMB'000	2021 RMB'000
Finance income		
– Bank interest income	**6,246**	1,485
	6,246	1,485
Finance costs		
– Interest expense on bills payable	**(3,610)**	(7,778)
– Interest expense on bank and other borrowings	**(17,227)**	(24,747)
– Interest expense on lease liability	**(16,610)**	(15,659)
	(37,447)	(48,184)
Finance costs, net	**(31,201)**	(46,699)

27 INCOME TAX EXPENSE

	2022 RMB'000	2021 RMB'000
Current income tax:		
– PRC corporate income tax	**10,299**	38,826
– Withholding tax	**1,525**	284
Deferred income tax (credited)/charged to profit or loss (Note 28)	**(4,566)**	143
	7,258	39,253

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the Hong Kong standard rate of income tax as follows:

	2022 RMB'000	2021 RMB'000
Profit before income tax	**28,216**	163,216
Tax calculated at the respective domestic tax rates applicable to the subsidiaries in the respective countries	**4,366**	36,253
Income not subject to tax	**(1,279)**	(753)
Expenses not deductible for taxation purposes	**1,264**	5,721
Utilisation of previously unrecognised tax losses	**(65)**	(5,108)
Tax losses for which no deferred tax asset was recognised	**2,972**	3,140
	7,258	39,253

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

27 INCOME TAX EXPENSE (CONTINUED)

Income tax expense is recognized based on management's best knowledge of the income tax rates expected for the financial year.

(a) Hong Kong profits tax

Hong Kong profits tax has been provided for at the rate of 16.5% on the estimated assessable profit for the year.

(b) The corporate income tax in the PRC

The corporate income tax has been provided for at applicable tax rates under the relevant regulations of the PRC on the estimated assessable profit of entities within the Group established in the PRC for the year. The general corporate income tax rate is 25.0%. Certain subsidiaries in the PRC were able to qualify as Large-Scale Development of Western China which are subject to a preferential corporate income tax rate of 15.0% for the years ended 31 December 2022 and 2021.

28 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income taxes relate to the same fiscal authority. The balances shown in the consolidated statement of financial position, after appropriate offsetting, are as follows:

The net movement on the deferred income tax account is as follows:

	2022 RMB'000	2021 RMB'000
Opening balance at the beginning of year	**(35,940)**	(35,797)
Credited/(charged) to the consolidated statements of comprehensive income (Note 27)	**4,566**	(143)
Closing balance at the end of year	**31,374**	(35,940)

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

28 DEFERRED INCOME TAX (CONTINUED)

The movement in deferred income tax assets and liabilities prior to offsetting of balances within the same taxation jurisdiction is as follows:

Deferred income tax assets

	Provision for inventory impairment RMB'000	Tax losses RMB'000	Unused Cash coupon RMB'000	Social Insurance RMB'000	Decelerated tax depreciation RMB'000	Total RMB'000
At 1 January 2021	628	–	1,403	923	2,513	5,467
Charged to profit or loss	137	–	32	187	(452)	(96)
At 31 December 2021 and 1 January 2022	765	–	1,435	1,110	2,061	5,371
Credited/(charged) to profit or loss	4,885	–	515	200	(1,214)	4,386
At 31 December 2022	5,650	–	1,950	1,310	847	9,757

Deferred income tax liabilities

	Unremitted earnings RMB'000	Accelerated amortisation RMB'000	Total RMB'000
At 1 January 2021	(5,235)	(36,029)	(41,264)
Credited/(Charged) to profit or loss	3,384	(3,431)	(47)
At 31 December 2021 and 1 January 2022	(1,851)	(39,460)	(41,311)
Credited/(Charged) to profit or loss	(6,188)	6,368	180
At 31 December 2022	(8,039)	(33,092)	(41,131)

At the end of the reporting period, the Group has the following unutilised tax losses available for offsetting against future taxable profits for which no deferred tax asset is recognised:

	2022 RMB'000	2021 RMB'000
Tax losses expiring:		
Within 1 year	**580**	–
Between 2-5 years	**34,298**	56,177
Without expiry date	**92,962**	64,433
	127,840	120,610

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

29 EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company, excluding any costs of servicing equity other than ordinary shares.
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and adjusted for the effect of the sub-division of shares as disclosed in Note 14.

	2022 RMB'000	2021 RMB'000
Profit attributable to equity holders of the Company	**20,958**	123,963
Weighted average number of ordinary shares in issue (thousands) after sub-division of shares	**587,020**	511,201
Basic earnings per share	**0.04**	0.24

(b) Diluted earnings per share

Diluted earnings per share is calculated by adjusting the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

	2022 RMB'000	2021 RMB'000
Profit attributable to equity holders of the Company	**20,958**	123,963
Weighted average number of ordinary shares in issue (thousands) prior to sub-division of shares		
Effect of dilutive potential shares:		
– Share options scheme (thousands)	**–**	–
Weighted average number of shares for calculation of diluted earnings per share (thousands) prior to sub-division of shares	**–**	–
Weighted average number of ordinary shares in issue (thousands) after sub-division of shares	**587,020**	511,201
Diluted earnings per share	**0.04**	0.24

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2022 RMB'000	2021 RMB'000
Cash flows from operating activities		
Profit before income tax	**28,216**	163,216
Adjustments for:		
Depreciation of property, plant and equipment (Note 5)	**30,331**	23,351
Depreciation of right-of-use asset (Note 6)	**32,036**	26,690
Amortisation of goodwill and intangible assets (Note 7)	**807**	807
Gain on disposals of property, plant and equipment (Note 23)	**(6,939)**	(4,773)
Finance income	**(6,246)**	(1,485)
Finance costs	**37,447**	48,184
Provision for inventories written down	**20,991**	1,241
Gain on termination of lease	**(58)**	–
	136,585	257,231
Changes in working capital:		
Inventories	**(168,781)**	(83,356)
Trade and other receivables, prepayments and deposits	**205,110**	(13,098)
Trade and bills payable, accruals and other payables	**143,646**	66,071
Amount due from fellow subsidiaries	**–**	19,226
Contract liabilities	**(61,413)**	17,678
Cash generated from operations	**255,147**	263,752

(b) In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprises:

	2022 RMB'000	2021 RMB'000
Net book amount (Note 5)	**24,798**	18,827
Gain on disposals of property, plant and equipment (Note 23)	**6,939**	4,773
Proceeds from disposals of property, plant and equipment	**31,737**	23,600

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(c) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2022 RMB'000	2021 RMB'000
Bank and other borrowings	**382,378**	600,258
Lease liabilities	**240,770**	234,353
Amount due to immediate holding company	**71,790**	94,747
Net debt	**694,938**	929,358

	Liabilities from financing activities			
	Bank and other borrowings RMB'000	Lease liabilities RMB'000	Amount due to immediate holding company RMB'000	Total RMB'000
Net debt as at 31 December 2021 and 1 January 2022	600,258	234,353	94,747	929,358
Proceeds from bank and other borrowings	2,516,115	–	–	2,516,115
Repayment to bank and other borrowings	(2,737,175)	–	–	(2,737,175)
Finance cost	–	16,610	–	16,610
Addition on lease liabilities	–	26,166	–	26,166
Principle elements of lease liabilities	–	(18,060)	–	(18,060)
Interest paid	–	(16,610)	–	(16,610)
Repayment to immediate holding company	–	–	(30,000)	(30,000)
Early termination of leases	–	(1,689)	–	(1,689)
Exchange realignment	3,180	–	7,043	10,223
Net debt as at 31 December 2022	382,378	240,770	71,790	694,938
Net debt as at 31 December 2020 and 1 January 2021	591,767	232,045	133,937	957,749
Proceeds from bank and other borrowings	3,555,682	–	–	3,555,682
Repayment to bank and other borrowings	(3,544,149)	–	–	(3,544,149)
Finance cost	–	15,659	–	15,659
Addition on lease liabilities	–	16,043	–	16,043
Principle elements of lease liabilities	–	(13,565)	–	(13,565)
Interest paid	–	(15,659)	–	(15,659)
Repayment to the immediate holding company	–	–	(36,215)	(36,215)
Exchange realignment	(3,042)	(170)	(2,975)	(6,187)
Net debt as at 31 December 2021	600,258	234,353	94,747	929,358

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

31 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control, common significant influence or joint control. Members of key management and their close family member of the Group are also considered as related parties.

The directors regard TCA Fund L.P., an exempted limited partnership established in the Cayman Islands, to be the ultimate holding entity of the Company, and all the related parties stated below are/were the fellow subsidiaries of the Company.

During the years ended 31 December 2022, the Group undertook the following related party transactions in the normal course of business (2021: Same):

(a) Balances with the immediate holding company and fellow subsidiaries

	Note	Group		Company	
		2022 RMB'000	2021 RMB'000	2022 RMB'000	2021 RMB'000
Amount due to the immediate holding company	(i)	**71,790**	94,747	**71,790**	94,747
Amounts due from subsidiaries	(ii)	**–**	–	**215,778**	199,082
Amounts due to subsidiaries	(ii)	**–**	–	**24,846**	253,369

Notes:

(i) The balance with the immediate holding company was unsecured, interest free and due on 31 December 2022.

(ii) The balances with subsidiaries were unsecured, interest free, and receivable/repayable on demand, with their carrying values approximating their fair values.

Notes to the Consolidated Financial Statements

for the financial year ended 31 December 2022

31 RELATED PARTY TRANSACTIONS (CONTINUED)

(b) Key management compensation

	2022 RMB'000	2021 RMB'000
Wages and salaries	**13,838**	11,547
Employer's contribution to defined contribution plans, including Mandatory Provident Fund	**64**	77
	13,902	11,624

(e) Corporate guarantee and personal guarantees from related parties

The bank borrowings were supported by personal guarantees provided by certain directors of TCAI to the extent as follows:

	2022 RMB'000	2021 RMB'000
Personal guarantee from directors of the Company	**936,160**	1,020,100

Statistics of Shareholdings

as at 15 March 2023

Class of Shares	–	Ordinary shares
No. of Shares (excluding treasury shares and subsidiary holdings)	–	589,615,183 ordinary shares
Voting Rights	–	One vote per share
No. of Treasury Shares and percentage	–	Nil
No. of Subsidiary Holdings and percentage	–	Nil

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 – 99	2	0.42	64	0.00
100 – 1,000	103	21.55	98,128	0.02
1,001 – 10,000	258	53.97	1,313,871	0.22
10,001 – 1,000,000	94	19.67	8,890,352	1.51
1,000,001 AND ABOVE	21	4.39	579,312,768	98.25
TOTAL	**478**	**100.00**	**589,615,183**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB KAY HIAN PRIVATE LIMITED	279,869,461	47.47
2	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	167,524,539	28.41
3	CITIBANK NOMINEES SINGAPORE PTE LTD[1]	38,734,783	6.57
4	DB NOMINEES (SINGAPORE) PTE LTD	15,572,000	2.64
5	RAFFLES NOMINEES (PTE.) LIMITED	13,216,522	2.24
6	BNP PARIBAS NOMINEES SINGAPORE PTE LTD	11,336,576	1.92
7	CHEUNG CHEE WAI MICHAEL[1]	10,900,731	1.85
8	ABN AMRO CLEARING BANK N.V	7,485,666	1.27
9	DBS NOMINEES (PRIVATE) LIMITED	5,768,338	0.98
10	PHILLIP SECURITIES PTE LTD	5,502,286	0.93
11	WOO CHUNG WAI (RAYMOND WOO)	4,449,989	0.75
12	BOUSTEAD SINGAPORE LIMITED	4,060,000	0.69
13	NOMURA SINGAPORE LIMITED	2,065,431	0.35
14	GOH HAN CHOON STEVE	2,050,000	0.35
15	LIM GUAN PHENG	2,000,000	0.34
16	GOH SOO SIAH	1,903,339	0.32
17	HSBC (SINGAPORE) NOMINEES PTE LTD	1,868,916	0.32
18	JOSPRING INVESTMENTS LIMITED	1,427,482	0.24
19	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,361,600	0.23
20	FUNG CHOI ON	1,215,009	0.21
	TOTAL	578,312,668	98.08

Note:
(1) Mr Michael Cheung is deemed to have an interest in the 10,764,439 shares held by him through a nominee account maintained with Citibank Nominees Singapore Pte. Ltd.

Statistics of Shareholdings

as at 15 March 2023

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2023

(As recorded in the Register of Substantial Shareholders)

		Direct Interest		Deemed Interests	
No.	**Name**	**No. of shares held**	**%**	**No. of shares held**	**%**
1.	Francis Tjia [1][2]	6,606,038	1.12	404,129,013	68.54
2.	Octo Holdings Limited [1][2]	175,010,106	29.68	229,118,907	38.86
3.	TCA International Limited [2]	229,118,907	38.86	–	–
4.	TCA, L.P. [2]	–	–	229,118,907	38.86
5.	TCA Management Limited [2]	–	–	229,118,907	38.86

Notes:

(1) Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited. Accordingly, Mr Francis Tjia is deemed interested in the shares held directly by Octo Holdings Limited by virtue of Section 4 of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore ("**SFA**").

(2) Mr Francis Tjia is deemed interested in the shares held directly by TCA Management Limited. Octo Holdings Limited holds more than 20.0% of voting shares in TCA Management Limited and is accordingly deemed to have an interest in the shares directly held by TCA Management Limited by virtue of Section 4 of the SFA. Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited and accordingly is deemed interested in the shares held directly by TCA Management Limited by virtue of Section 4 of the SFA.

Mr Francis Tjia is deemed interested in the shares held directly by TCA International Limited. TCA International Limited is wholly owned by TCA, L.P. TCA, L.P. is managed by its general partner, TCA Management Limited, who has been granted the authority to operate, manage and control the affairs of TCA, L.P., including making investment decisions and voting on the securities and interests held by TCA, L.P. including those in TCA International Limited. By virtue of Section 4 of the SFA, TCA Management Limited is deemed interested in the shares held by TCA International Limited. Octo Holdings Limited holds more than 20.0% of voting shares in TCA Management Limited and is accordingly deemed to have an interest in the shares held by TCA Management Limited (through TCA, L.P. and TCA International Limited) by virtue of Section 4 of the SFA. Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited and accordingly is deemed interested in the shares held by TCA International Limited (through TCA, L.P., TCA Management Limited and Octo Holdings Limited) by virtue of Section 4 of the SFA.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 March 2023, 28.43% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed at all times held by the public.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the Annual General Meeting ("**AGM**" or "**Meeting**") of Trans-China Automotive Holdings Limited (the "**Company**") will be held by way of electronic means on Tuesday, 25 April 2023 at 2.00 p.m., to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements of the Company for the financial year ended 31 December 2022 together with the Directors' Statement and Independent Auditors' Report thereon. ***Resolution 1***

2. To declare a final (one-tier, tax-exempt) dividend of RMB0.0068 per ordinary share (approximately S$0.0013 per ordinary share) for the financial year ended 31 December 2022. ***Resolution 2***

3. To re-elect the following Directors who will be retiring pursuant to Article 86(1) of the Articles of Association of the Company:

   (a) Mr David Leow ***Resolution 3***
   (b) Mr Steven Petersohn ***Resolution 4***

   [See Explanatory Note 1]

4. To approve the payment of Directors' fees amounting up to S$190,079.46 for the financial year ended 31 December 2022, to be paid in arrears. ***Resolution 5***

5. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company, to hold office until the conclusion of the next AGM of the Company, and that the Directors be authorised to fix their remuneration. ***Resolution 6***

6. To transact any other business which may properly be transacted at the AGM of the Company.

AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modifications as Ordinary Resolutions:

7. **Authority to Allot and Issue Shares** ***Resolution 7***

   That pursuant to Rule 806 of the Listing Manual Section B: Rules of Catalist ("**Catalist Rules**") of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and the Memorandum and Articles of Association of the Company, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the capital of the Company whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options or otherwise issue convertible securities (collectively, "**Instruments**") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

Notice of Annual General Meeting

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares pursuant to any Instrument made or granted by the Directors while this Resolution was in force,

(the "**Share Issue Mandate**")

provided always that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Catalist Rules; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

provided that any adjustment(s) in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution; and

in paragraphs (1) and (2) above, "subsidiary holdings" has the meaning given to it in the Catalist Rules of the SGX-ST;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum and Articles of Association of the Company; and

Notice of Annual General Meeting

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

[See Explanatory Note 2]

8. **Renewal of the Share Purchase Mandate** ***Resolution 8***

That:

(a) the exercise by the Directors of all the powers of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as hereafter defined), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(i) on-market purchases through the SGX-ST's trading system, or as the case may be, on any other stock exchange on which the Shares may for the time being be listed and quoted, through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

(ii) off-market purchases in accordance with an equal access scheme as may be determined by the Directors of the Company as they may consider fit and in the best interests of the Company, which scheme shall satisfy all the conditions prescribed by the Catalist Rules of the SGX-ST ("**Off-Market Purchases**"),

and otherwise in accordance with all other laws and regulations, including but not limited to the Companies Act (as revised) of the Cayman Islands (the "**Cayman Islands Companies Act**"), the Memorandum and Articles of Association of the Company and the rules and regulations of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next AGM of the Company following the passing of this Resolution or the date by which such AGM is required to be held (whereupon it will lapse, unless renewed at such meeting);

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting (if so varied or revoked prior to the next AGM of the Company); or

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

Notice of Annual General Meeting

(c) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as a treasury share and dealt with in accordance with the Cayman Islands Companies Act; and

(d) the Directors and/or any of them be and are and/or is hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution and/or the Share Purchase Mandate.

In this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company; or

(ii) in the case of an Off-Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during such five Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**date of the making of the offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Percentage**" means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Cayman Islands Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered by the capital reduction. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10.0% limit;

Notice of Annual General Meeting

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related or ancillary expenses in respect of the purchase or acquisition such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses (where applicable)) to be paid for a Share which will be determined by the Directors, provided that such purchase price shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the conclusion of the next AGM of the Company or the date by which such AGM is required to be held, or the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting, whichever is the earliest, after the date of this Resolution.

[See Explanatory Note 3]

9. **Authority to grant options and issue shares under the TCA Employee Share Option Scheme ("TCA ESOS")** *Resolution 9*

That pursuant to the Catalist Rules of the SGX-ST and the Memorandum and Articles of Association of the Company, the Directors of the Company be authorised and empowered to offer and grant options from time to time under the prevailing TCA ESOS and to allot and issue from time to time such number of shares in the capital of the Company as may be required to be issued pursuant to the exercise of share options granted by the Company under the TCA ESOS, whether granted during the subsistence of this authority or otherwise, provided always that the aggregate number of additional ordinary shares to be issued pursuant to the TCA ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required to be held, whichever is earlier.

[See Explanatory Note 4]

BY ORDER OF THE BOARD

Siau Kuei Lian
Company Secretary
Singapore, 6 April 2023

Notice of Annual General Meeting

Explanatory Notes:

1. Pursuant to Article 86 of the Company's Articles of Association, each Director of the Company shall retire at least once every three (3) years and a retiring Director shall be eligible for re-election. Mr David Leow will, upon re-election as a Director of the Company, remain as a Non-Executive and Lead Independent Director of the Company, Chairman of the Nominating Committee and a member of the Audit and Risk Committee and Remuneration Committee. He will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to "Additional Information on Directors seeking re-election" under the Corporate Governance Report on pages 62 to 65 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

   Pursuant to Article 86 of the Company's Articles of Association, each Director of the Company shall retire at least once every three (3) years and a retiring Director shall be eligible for re-election. Mr Steven Petersohn will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company, Chairman of the Remuneration Committee and a member of the Nominating Committee and Audit and Risk Committee. He will be considered independent pursuant to Rule 704(7) of the Catalist Rules of the SGX-ST. Please refer to "Additional Information on Directors seeking re-election" under the Corporate Governance Report on pages 62 to 65 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

2. The Ordinary Resolution 7 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

   For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

3. The Ordinary Resolution 8 above, if passed, will empower the Directors of the Company to purchase or otherwise acquire fully paid issued ordinary shares in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Percentage (as defined in Resolution 8), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined in Resolution 8) and will empower the Directors of the Company, effective until (i) the conclusion of the next AGM of the Company following the passing of the resolution granting the said authority or the date by which such AGM is required to be held (whereupon it will lapse, unless renewed at such meeting), or (ii) it is varied or revoked by the Company in general meeting (if so varied or revoked prior to the next AGM), or (iii) the date on which purchases and acquisitions of Shares pursuant to the Share Purchase Mandate (as defined in Resolution 8) are carried out to the full extent mandated, whichever is the earliest.

4. The Ordinary Resolution 9 above, if passed, will empower the Directors of the Company, from the date of this AGM until the conclusion of the next AGM of the Company, or the date by which the next AGM of the Company is required to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to allot and issue shares in the capital of the Company pursuant to the exercise of options granted or to be granted under the TCA ESOS (as defined in Resolution 9) provided that the aggregate additional shares to be allotted and issued pursuant to the TCA ESOS does not exceed in total (for the entire duration of the TCA ESOS) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

Notice of Annual General Meeting

Notes:

1. A member of the Company (including a Relevant Intermediary*) entitled to vote at the AGM may appoint proxy or proxies to act as proxy and attend and vote at the Meeting. A member who is not a Relevant Intermediary or CDP may appoint not more than two proxies to attend and vote at the Meeting. Where such member's proxy form appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the proxy form.

2. The instrument appointing the proxy or proxies must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) if submitted electronically, be submitted via email to the following email address: shareregistry@incorp.asia; or

   (c) via the following URL: https://conveneagm.sg/TCAH2023 ("**Trans-China AGM Website**") in the electronic format accessible on the Trans-China AGM Website,

   by no later than 2.00 p.m. on 22 April 2023, being 72 hours before the time appointed for the holding of the Meeting, and in default the instrument of proxy shall not be treated as valid.

3. The instrument appointing the proxy must be signed by the appointor or his/her attorney duly authorised in writing. Where the proxy form is executed by a corporation, it must be executed either under its seal or signed on its behalf by an officer, attorney or other person duly authorised to sign the same. Where the proxy form is executed by an attorney on behalf of the appointor, the power of attorney or other authority under which it is signed or authorised on behalf of the appointer, or a duly certified copy thereof, must be lodged with the instrument appointing the proxy.

   ** Relevant Intermediary is:*

   (a) a banking corporation licensed under the Banking Act 1970 of the Laws of the Republic of Singapore or a wholly-owned subsidiary of such a banking corporation, whose business includes the provision of nominee services and who holds shares in that capacity; or

   (b) a person holding a capital markets services licence to provide custodial services for securities under the Securities and Futures Act 2001 of the Laws of the Republic of Singapore and who holds shares in that capacity; or

   (c) the Central Provident Fund Board established by the Central Provident Fund Act 1953 of the Laws of the Republic of Singapore, in respect of shares purchased under the subsidiary legislation made under that Act providing for the making of investments from the contributions and interest standing to the credit of members of the Central Provident Fund, if the Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.

NOTICE OF RECORD AND DIVIDEND PAYMENT DATE NOTICE IS HEREBY GIVEN that the Share Transfer Books and Register of Members of the Company will be closed on 28 April 2023 at 5.00 p.m. for the purpose of determining the entitlements to the proposed final (one-tier, tax-exempt) dividend of RMB0.0068 per ordinary share (approximately S$0.0013 per ordinary share) to be approved at the AGM of the Company for the financial year ended 31 December 2022 to be held on 25 April 2023. Duly completed registrable transfers received by the Company's Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. of 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712, up to 5.00 p.m. on 28 April 2023 will be registered to determine members' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares up to 5.00 p.m. on 28 April 2023 will be entitled to the proposed final dividend. The proposed payment of the final dividend, if approved by the members at the forthcoming AGM to be held on 25 April 2023, will be paid on 8 May 2023.

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Notes:

1. Pursuant to the COVID-19 (Temporary Measures) (Alternative Arrangements for Meetings for Companies, Variable Capital Companies, Business Trusts, Unit Trusts and Debenture Holders) Order 2020, the Company has the option to hold a virtual meeting. As part of the Company's efforts to minimise physical interactions and COVID-19 transmission risk to a minimum, the AGM of the Company will be held by way of electronic means and members of the Company will not be allowed to attend the AGM in person. Shareholders who wish to submit any questions they may have in advance of the AGM must do so by 2.00 p.m. on 14 April 2023.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or appointing a proxy to attend, speak and vote at the AGM are set out in this Notice of AGM. The Notice of AGM is also made available on SGXNET at the URL: https://www.sgx.com/securities/company-announcements and the Company's website at the URL: https://tca-auto.com. Shareholders may also contact the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte Ltd. at shareregistry@incorp.asia for the notice or document in physical form.

3. Shareholders (including Depositors registered and holding Shares through The Central Depository (Pte) Limited) who pre-register may participate at the AGM by:

   (a) watching the AGM proceedings via a "live" audio-video webcast via mobile phone, tablet or computer or listening to the proceedings through a "live" audio-only feed via telephone ("**Live Webcast/Live Audio Feed**");

   (b) submitting questions related to the resolutions to be tabled for approval in advance, or "live" at the AGM at https://conveneagm.sg/TCAH2023 ("**Trans-China AGM Website**"); and/or

   (c) appointing the proxy to attend, speak and vote on their behalf at the AGM.

   Shareholders and, where applicable, appointed proxy(ies) who wish to ask questions "live" at the AGM must first pre-register at the pre-registration website at the URL https://conveneagm.sg/TCAH2023.

   Shareholders and proxyholders who pre-registered and are verified to attend the AGM will be able to ask questions relating to the agenda of the AGM by clicking the "Ask a Question" feature to type and submit their questions 'live' during the AGM.

4. Shareholders submitting questions are required to state: (a) their full name; and (b) their identification/registration number, failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

5. A shareholder (including a Depositor registered and holding Shares through The Central Depository (Pte) Limited) of the Company entitled to vote at the AGM may appoint a proxy or proxies and vote at the AGM.

6. If a shareholder who has Shares entered against his/her name in the Depository Register and Shares registered in his/her name in the Register of Members wishes to appoint a proxy or proxies, he/she must complete, sign and return the Depositor Proxy Form and the Shareholder Proxy Form, respectively, for the Shares entered against his/her name in the Depository Register and the Shares registered in his/her name in the Register of Members.

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7. The instrument appointing the proxy must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 30 Cecil Street, #19-08 Prudential Tower, Singapore 049712; or

   (b) if submitted electronically, be submitted via email to the following email address: shareregistry@incorp.asia; or

   (c) via the following URL: https://conveneagm.sg/TCAH2023 ("**Trans-China AGM Website**") in the electronic format accessible on the Trans-China AGM Website

   by no later than 2.00 p.m. on 22 April 2023, being 72 hours before the time appointed for the holding of Meeting, and in default the instrument of proxy shall not be treated as valid.

Important notes to shareholders:

A. The key dates which shareholders should take note of are set out in the table below:

Key dates	Actions
6 April 2023	Shareholders, and Depositors holding Shares through The Central Depository (Pte) Limited, may begin to pre-register at the Pre-registration Website for the Company to authenticate his/her/its status as shareholders of the Company To pre-register for the Live Webcast/Live Audio Feed, kindly access the Pre-registration Website, using either the latest versions of Chrome, Safari, Internet Explorer 11, Edge or Firefox Corporate shareholders must also submit the Corporate Representative Certificate to the Company at shareregistry@incorp.asia
By 2.00 p.m. on 14 April 2023	Deadline for registered shareholders/Depositors to submit questions related to the resolutions to be tabled at the AGM for approval in advance
After trading hours on 19 April 2023	The Company to address and publish its responses to those substantial and relevant questions received from members via the Company's website and SGXNET
By 2.00 p.m. on 22 April 2023	Deadlines for shareholders to: • pre-register for Live Webcast/Live Audio Feed • submit the Corporate Representative Certificate (for corporate shareholders only) • submit proxy forms

Notice of Annual General Meeting

Key dates	Actions
	Following the authentication of his/her/its status as a shareholder, such shareholder will receive an email with instructions on how to access the Live Webcast/Live Audio Feed of the proceedings of the AGM (the "**Confirmation Email**")
By 2.00 p.m. on 24 April 2023	Shareholders/Depositors who do not receive the Confirmation Email by 2.00 p.m. on 24 April 2023, but have registered by the deadline should contact the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte Ltd. for assistance at shareregistry@incorp.asia (between 2.00 p.m. to 6.00 p.m.) with (i) the full name of the Shareholders/ Depositors; and (ii) his/her/its identification/registration number
2.00 p.m. on 25 April 2023	To access the Live Webcast/Live Audio Feed of the proceedings of the AGM

B. The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate. Any material developments will be announced on the SGXNET. Shareholders are advised to check on the Company's website at the URL: https://tca-auto.com and SGXNET at the URL: https://www.sgx.com/securities/company-announcements for the latest updates on the AGM.

Personal Data Privacy:

By submitting an instrument appointing proxy/(ies) and/or representative(s) to attend and vote at the Meeting and/or any adjournment thereof, a Depositor/member of the Company (i) consents to the collection, use and disclosure of the Depositor's/member's personal data by the Company (or its agents or service providers) for the purpose of the processing, administration and analysis by the Company (or its agents or service providers) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the Depositor/member discloses the personal data of the Depositor's/member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Depositor/member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor/member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Depositor's/member's breach of warranty.

This notice has been prepared by the Company and its contents have been reviewed by the Company's Sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**").

This notice has not been examined or approved by the SGX-ST and the SGX-ST assumes no responsibility for the contents of this notice, including the correctness of any of the statements or opinions made or reports contained in this notice.

The contact person for the Sponsor is Mr Leong Weng Tuck - Registered Professional, 36 Robinson Road, #10-06 City House, Singapore 068877, sponsor@rhtgoc.com.

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Navigating Future Growth

Trans-China Automotive Holdings Limited

Annual Report 2022