



TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED
AND ITS SUBSIDIARIES

(Registration No. 306871)
(SGX: VI2)

UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 30 JUNE 2025

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TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED AND ITS SUBSIDIARIES
CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
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Chairman's Statement – 1H2025

Dear Shareholders,



Francis Tjia

As we report our financial results for the first six months ended 30 June 2025 (“1H2025”), I am tempted to repeat a lot of the same usual commentary about the state of the automotive industry in China. For the past two years, the narrative and commentary from us revolved around intense competition, an insane price war, steep discounting, oversupply due to massive overcapacity in production, a surplus of automotive start-ups and too many brands, too much local government support and financing for unviable manufacturers, and the list goes on. All these factors remain today, and the environment continues to be exceedingly challenging for us. However, to just repeat the same story as years past would be overlooking some very fundamental changes that we are starting to see on the ground in China today.

The central government has recently started to fully recognize the scale and depth of the problems affecting the automotive industry and the automotive supply chain¹. The term “neijuan” (内卷) or “involution” is used in China to describe a cycle of excessive and self-defeating competition, where participants engage in chasing a limited set of opportunities, leading to unproductive and intense competition for no marginal gain. Essentially, it describes a pointless race to the bottom. This has been happening in the automotive industry in China for the past two years, as it has in several other industries as well. Overall, this has contributed to a deflationary environment, and the central government fully recognizes the scale and depth of the problems. The big change is that there are clear signs that the central government is starting to publicly mount efforts to address these issues. We will comment on this in relation to our financial results below in more detail.

Our financial results for 1H2025 have been disappointing. Compared to the same period in 2024, our revenues declined by almost 30% and our gross loss widened by more than 50% as gross margins continued to deteriorate sharply. These were offset by stable Finance & Insurance income, continued tightening and reduction in selling and administrative expenses, and a reduction in finance costs leading to a 10% improvement in net loss compared to the same period in 2024.

We believe that centralized efforts led by the government to reign in the intense competition and overcapacity will start to have a positive effect on the industry and the environment we face. Clear directives have been issued advocating against price discounts and the sale of products below the cost of production. Directives have also been

¹ https://auto.cnr.cn/2015xc/20250601/t20250601_527192048.shtml

issued to clean up and speed up payments to supply chain providers and parts makers, and most importantly for us, the central government has reiterated that manufacturers cannot use their market position to force additional supply to retailers and dealers if this leads to excessive inventory and unsustainable price discounting.

It will take some time for the various guidelines and directives to filter through the entire automotive ecosystem, but we believe that special attention from the central government will likely be a catalyst for consolidation in various parts of the automotive industry.

Within the dealership business environment, we continue to see consolidation of the network. Many dealership groups have been forced to close, including BMW network². For us specifically, there are several initiatives under way to reduce the financial strain. For BMW, we are in active discussions on reducing additional inventory coming our way and have temporarily suspended inbound wholesale of cars at our Guangzhou store. For Genesis, our cost base continues to shrink and the OEM has agreed to allow us to reduce the footprint and staffing levels of all three showrooms, which will lead to further expense reduction. For McLaren, full consolidation has been achieved and we will be operating only the business in Guangzhou. Within our specific markets, we have seen some competing BMW dealers close down in Chongqing and Guangzhou, and we expected some additional closures of competitors in Foshan and Shenzhen in the next six months. We expect that this will reduce competitive pressures and lead to an increase in our aftersales business, which remains a positive contributor.

As the overall rationalization continues, we see other hopeful signs as well. For example, abnormally high commissions from banks have been stopped³. This was another area in which “involution” was at play, and it led to a distortion of car prices and excessive discounts from dealers while misaligning dealer and customer benefits.

We remain cautious on our outlook for the remainder of the year and we will continue to face significant financial challenges within a greater context of a positive change in direction of the overall industry. We hope to be in a position to benefit once real tangible changes start to take hold.

Sincerely,

Francis Tjia

² http://k.sina.com.cn/article_7879923856_1d5ae18900680191ik.html

³ <https://baijiahao.baidu.com/s?id=1836952254940993841&wfr=spider&for=pcv>

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A. CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

		The Group		
		Unaudited 6 months ended 30 June 2025	Unaudited 6 months ended 30 June 2024	+/(-) % Variance
	Note	RMB'000	RMB'000	
Revenue	E5	953,550	1,354,990	-29.6%
Cost of sales		(991,251)	(1,379,932)	-28.2%
Gross (loss) profit		(37,701)	(24,942)	51.2%
Other income	E7	93,558	93,418	0.1%
Other gains, net	E8	4,006	1,523	163.0%
Selling expenses		(60,515)	(69,944)	-13.5%
Administrative expenses		(50,898)	(56,506)	-9.9%
Operating (loss) profit		(51,550)	(56,451)	-8.7%
Finance income		237	481	-50.7%
Finance costs		(16,945)	(19,224)	-11.9%
Finance costs, net	E10	(16,708)	(18,743)	-10.9 %
Loss before income tax	E9	(68,258)	(75,194)	n.m.
Income tax credit	E12	1,640	764	114.7%
Loss for the period		(66,618)	(74,430)	n.m.
Other comprehensive income				
(loss):				
<i>Items that may be reclassified to profit or loss:</i>				
- Currency translation difference		2,086	(2,777)	-175.1%
Total comprehensive loss for the period		(64,532)	(77,207)	n.m.
Loss per share attributable to owners of the Company				
Basic and diluted (RMB)		(0.11)	(0.13)	n.m.
<i>n.m. is defined as not meaningful</i>				

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B. CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		As at 30	As at 31	As at 30	As at 31
		June 2025	December 2024	June 2025	December 2024
		RMB'000	RMB'000	RMB'000	RMB'000
ASSETS					
Non-current assets					
Property, plant and equipment	E14	196,347	224,880	-	-
Right-of-use assets		246,976	257,257	-	-
Intangible assets	E15	56,613	57,016	-	-
Investments in subsidiaries		-	-	_*	_*
Deferred income tax assets		9,583	7,914	-	-
		509,519	547,067	-	-
Current assets					
Inventories		226,209	177,571	-	-
Trade and other receivables		165,241	246,916	-	-
Prepayments and deposits		58,267	100,979	35	134
Amounts due from subsidiaries	E11	-	-	189,312	187,684
Pledged bank deposits		280,470	348,973	-	-
Cash and cash equivalents		46,724	33,770	768	1,081
		776,911	908,209	190,115	188,899
Total assets		1,286,430	1,455,276	190,115	188,899
Equity attributable to the owner of the Company					
Share capital	E17	41,994	41,994	41,994	41,994
Share premium	E17	82,796	82,796	82,796	82,796
Reserves		67,669	65,583	(296,738)	(294,966)
Retained earnings		(165,487)	(98,869)	267,644	269,963
Total equity		26,972	91,504	95,696	99,787

* Below RMB1,000

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

		The Group		The Company	
		Unaudited As at 30 June 2025	Audited As at 31 December 2024	Unaudited As at 30 June 2025	Audited As at 30 December 2024
Note		RMB'000	RMB'000	RMB'000	RMB'000
LIABILITIES					
Non-current liabilities					
Bank and other borrowings	E16	8,147	13,598	-	-
Lease liabilities		176,751	186,171	-	-
Deferred income tax liabilities		30,644	30,758	-	-
Amount due to a related party	E11	64,516	65,683	64,516	65,683
		280,058	296,210	64,516	65,683
Current liabilities					
Trade and bills payable		516,742	531,201	-	-
Accruals and other payables		51,876	65,770	1,859	1,147
Contract liabilities		91,177	90,309	-	-
Loan due to shareholder	E11	28,044	22,282	28,044	22,282
Bank and other borrowings	E16	254,923	319,533	-	-
Lease liabilities		36,616	38,446	-	-
Current income tax liabilities		22	21	-	-
		979,400	1,067,562	29,903	23,429
Total liabilities		1,259,458	1,363,772	94,419	89,112
Total equity and liabilities		1,286,430	1,455,276	190,115	188,899

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C. CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

The Group

	Share capital	Share premium	Statutory reserve	Exchange reserve	Capital reserve	Distributable reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2024	41,994	82,796	46,797	(807)	(171,630)	194,642	4,530	198,322
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(74,430)	(74,430)
Other comprehensive loss								
Currency translation differences	-	-	-	(2,777)	-	-	-	(2,777)
Total comprehensive loss for the period	-	-	-	(2,777)	-	-	(74,430)	(77,207)
As at 30 June 2024	41,994	82,796	46,797	(3,584)	(171,630)	194,642	(69,900)	121,115

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

The Group

	Share capital	Share premium	Statutory reserve	Exchange reserve	Capital reserve	Distributable reserve	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2025	41,994	82,796	46,797	(4,226)	(171,630)	194,642	(98,869)	91,504
Comprehensive income								
Loss for the period	-	-	-	-	-	-	(66,618)	(66,618)
Other comprehensive loss								
Currency translation differences	-	-	-	2,086	-	-	-	2,086
Total comprehensive loss for the period	-	-	-	2,086	-	-	(66,618)	(64,532)
As at 30 June 2025	41,994	82,796	46,797	(2,140)	(171,630)	194,642	(165,487)	26,972

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D. CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

	The Group	
	Unaudited	Unaudited
	6 months ended	6 months ended
	30 June 2025	30 June 2024
	RMB'000	RMB'000
Cash flows from operating activities		
Loss before income tax	(68,258)	(75,194)
Adjustments for:		
Depreciation of property, plant and equipment	21,883	22,988
Depreciation of right-of-use asset	15,755	16,085
Amortisation of goodwill and intangible assets	403	403
Gain on disposals of property, plant and equipment	44	(907)
Finance income	(237)	(481)
Finance costs	16,945	19,224
Provision for inventories written-down	3,392	6,803
Gain on lease modification and termination	(3,778)	-
Operating cash flows before working capital changes	(13,851)	(11,079)
Changes in working capital:		
Inventories	(52,030)	52,053
Trade and other receivables, prepayments and deposits	124,390	76,684
Trade and bills payable, accruals and other payables	(28,286)	(241,336)
Pledged bank deposit	68,503	142,336
Contract liabilities	868	(34,285)
Cash generated from (used in) operations	99,594	(15,627)
Income tax paid	(143)	(3,475)
Net cash from (used in) operating activities	99,451	(19,102)

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

	The Group	
	Unaudited 6 months ended 30 June 2025	Unaudited 6 months ended 30 June 2024
	RMB'000	RMB'000
Cash flows from investing activities		
Interest received	237	804
Purchases of property, plant and equipment	(13,683)	(29,243)
Proceeds from disposal of property, plant and equipment	20,289	14,751
Net cash from (used in) investing activities	6,843	(13,688)
Cash flows from financing activities		
Interest paid	(17,014)	(19,192)
Proceeds from bank and other borrowings	466,619	1,023,522
Repayment to bank and other borrowings	(536,680)	(939,171)
Principal elements of lease payments	(12,946)	(3,947)
Repayment to a related party	-	(3,000)
Proceeds from (repayment to) shareholder's loan	6,089	(16,367)
Net cash (used in) from financing activities	(93,932)	41,845
Net increase in cash and cash equivalents	12,362	9,055
Cash and cash equivalents		
Beginning of financial period	33,770	74,960
Effect of translation of cash and cash equivalents	592	(693)
End of financial period	46,724	83,322

E. NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. General information

Trans-China Automotive Holdings Limited (the “**Company**”) is listed on the Catalist board of the Singapore Exchange and incorporated in the Cayman Islands on 18 December 2015 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961, as combined and revised, of the Cayman Islands). The address of the Company’s registered office is 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.

2. Basis of preparation

The condensed interim financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (“**IFRSs**”) issued by the International Accounting Standards Board. The condensed interim financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last financial statements for the year ended 31 December 2024.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with IFRSs, except for the adoption of new and amended standards effective as of financial period beginning 1 January 2025 as set out in Note 2.1. The condensed interim financial statements are presented in Renminbi (“**RMB**”) and rounded to the nearest thousand (“**RMB’000**”), unless otherwise stated.

Going concern

As at 30 June 2025, the Group’s net current liabilities were RMB202.5 million due to the net losses incurred in recent periods.

Management expects that based on cashflow projections and continued availability of external financing that the Group has sufficient financial resources to meet its financial obligations in the next 12 months. As such, the Group’s interim consolidated financial statements are prepared on an ongoing basis.

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2.1 New and amended standards adopted by the Group

(a) New standards and amendments - applicable 1 January 2025

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

Amendments to IAS 21	Lack of Exchangeability
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(b) Standards and amendments issued but not yet effective

The following standards and interpretations had been issued but were not mandatory for interim reporting periods on 30 June 2025:

Amendments to IFRS 9 and IFRS 7	Amendments to the Classification and Measurement of Financial Instruments	1 January 2026
Amendments to IFRS Accounting Standards - Volume 11	Annual Improvements to HKFRS Accounting Standards - Volume 11	1 January 2026
IFRS 18	Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19	Subsidiaries without Public Accountability: Disclosures	1 January 2027

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

3. Use of judgements and estimates

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

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4. Segment reporting

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

(i) Information about geographical area

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

(ii) Information about major customers

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

5. Revenue

	Unaudited		
	6 months ended 30 June		
	2025	2024	+/(-) Variance
	RMB'000	RMB'000	%
Sale of automobiles	732,518	1,092,248	-32.9%
Provision of after-sales services	216,353	261,158	-17.2%
Agent commission	4,679	1,584	195.4%
	953,550	1,354,990	-29.6%

During the financial period ended 30 June 2025 and 30 June 2024, all of the Group's revenue is from contracts with customers and is recognised at a point in time.

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6. Financial assets and financial liabilities

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

	The Group		The Company	
	Unaudited	Audited	Unaudited	Audited
	30 June 2025	31 December 2024	30 June 2025	31 December 2024
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets				
Trade and other receivables	165,241	214,089	-	-
Deposits	29,295	30,264	-	-
Amounts due from subsidiaries	-	-	189,312	187,684
Pledged bank deposits	280,470	348,973	-	-
Cash and cash equivalents	46,724	33,770	768	1,081
	521,730	627,096	190,080	188,765
Financial liabilities				
Trade and bills payable	516,742	531,201	-	-
Accruals and other payables ¹	9,558	13,557	11	1,147
Bank and other borrowings	263,070	333,131	-	-
Lease liabilities	213,367	224,617	-	-
Amount due to a related party	64,516	65,683	64,516	65,683
Loan due to shareholder ²	28,044	22,282	28,044	22,282
	1,095,297	1,190,471	92,571	89,112

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

Note 2: Loan due to shareholder increased by RMB5.8 million

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7. Other income

	Unaudited		
	6 months ended 30 June		
	2025	2024	+/(-) Variance
	RMB'000	RMB'000	%
Handling and commission fee income	79,262	82,486	-3.9%
Insurance rebates	55	1,096	-95.0%
Deposit forfeited by customers	4,076	669	509.3%
Government grants	199	308	-35.4%
Pre-owned cars and fleet sale commissions	2,965	2,891	2.6%
Others	7,001	5,968	17.3%
	93,558	93,418	0.1%

8. Other gains, net

	Unaudited		
	6 months ended 30 June		
	2025	2024	+/(-) Variance
	RMB'000	RMB'000	%
(Loss) gain on disposals of property, plant and equipment	(44)	907	-104.9%
Net foreign currency exchange differences	(664)	761	-187.3%
Gain on early termination of lease	3,778	-	n.m
Others	936	(145)	-745.5%
	4,006	1,523	163.0%

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9. Loss before income tax

Loss before income tax is carried at after charging the following:

	Unaudited		
	6 months ended 30 June		
	2025	2024	+/(-) Variance
	RMB'000	RMB'000	%
Cost of sales of motor vehicles and spare parts	975,194	1,357,881	-28.2%
Employee benefit expenses (including directors' emoluments)	60,168	68,380	-12.0%
Provision for inventories write-down	3,392	6,803	-50.1%
Auditor's remuneration	1,136	1,213	-6.3%
Advertising expenses	5,734	9,173	-37.5%
Fuel and maintenance expenses	1,993	3,135	-36.4%
Depreciation of property, plant and equipment	21,883	22,988	-4.8%
Depreciation of right-of-use assets	15,755	16,085	-2.1%
Amortisation of intangible assets	403	403	0.0%
Bank charges	971	1,071	-9.3%
Entertainment	235	353	-33.4%
Legal and professional fees	1,925	2,169	-11.2%
IT and security fees	2,632	2,902	-9.3%
Office, communication and utilities expenses	5,929	6,611	-10.3%
Other tax expenses	2,774	3,583	-22.6%
Short term lease expenses	174	1,923	-91.0%
Travelling expenses	1,301	1,514	-14.1%
Others	1,065	195	446.2%
	1,102,664	1,506,382	-26.8%
<u>Represented by:</u>			
Cost of sales	991,251	1,379,932	-28.2%
Selling expenses	60,515	69,944	-13.5%
Administrative expenses	50,898	56,506	-9.9%
	1,102,664	1,506,382	-26.8%

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10. Finance costs, net

	Unaudited		
	6 months ended 30 June		
	2025	2024	+/(-) Variance
	RMB'000	RMB'000	%
Finance income			
- Bank interest income	237	481	-50.7%
	237	481	-50.7%
Finance costs			
- Interest expense on bank and other borrowings	(6,380)	(8,621)	-26.0%
- Interest expense on lease liabilities	(6,966)	(7,763)	-10.3%
- Interest expense on loan due to shareholder	(709)	(517)	37.1%
- Other finance charges	(2,890)	(2,323)	24.4%
	(16,945)	(19,224)	-11.9%
Finance costs, net	(16,708)	(18,743)	-10.9%

11. Related party transactions/balances

(a) The Group had the following material transaction with its related party during the reporting periods:

	The Group		The Company	
	Unaudited	Unaudited	Unaudited	Unaudited
	30 June	30 June	30 June	30 June
	2025	2024	2025	2024
Note	RMB'000	RMB'000	RMB'000	RMB'000
Interest expense on loan due to shareholder	709	517	709	517

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11. Related party transactions/balances (continued)

(b) Balances with the related parties of each reporting periods are as follows:

	Note	The Group		The Company	
		Unaudited	Audited	Unaudited	Audited
		30 June	31 December	30 June	31 December
		2025	2024	2025	2024
		RMB'000	RMB'000	RMB'000	RMB'000
Amount due to a related party	(i)	64,516	65,683	64,516	65,683
Amounts due from subsidiaries	(ii)	-	-	189,312	187,684
Loan due to shareholder	(iii)	28,044	22,282	28,044	22,282

- (i) The balance with a related party was unsecured, interest free and due on 30 June 2027.
- (ii) The balances with subsidiaries were unsecured, interest free, receivable on demand, and their carrying values approximate their fair values.
- (iii) The loan due to shareholder, Octo Holdings Limited, was unsecured, carried a fixed interest of 8% per annum and due on demand.

12. Income tax credit

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

	Unaudited	
	6 months ended 30 June	
	2025	2024
	RMB'000	RMB'000
Current income tax:		
- PRC enterprise income tax ("EIT")	143	466
Deferred income tax	(1,783)	(1,230)
Income tax credit	(1,640)	(764)

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13. Net asset value

	The Group		The Company	
	Unaudited	Audited	Unaudited	Audited
	As at 30	As at 31	As at 30	As at 31
	June 2025	December 2024	June 2025	December 2024
Net Asset Value per share (RMB)	0.05	0.16	0.16	0.17
Net Asset Value (RMB'000)	26,972	91,504	95,696	99,787
Number of ordinary shares in issue	589,615,183	589,615,183	589,615,183	589,615,183

14. Property, plant and equipment

During the six months ended 30 June 2025, the Group acquired assets of RMB13,683,000 (2024: RMB29,243,000) and disposed of assets of RMB20,333,000 (2024: RMB13,844,000).

As at 30 June 2025, property, plant and equipment of RMB49,564,000 (31 December 2024: RMB51,921,000) was used as security to certain bank borrowings of the Group (Note 16).

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15. Intangible assets

	Goodwill	Dealership rights	Total
	RMB'000	RMB'000	RMB'000
At 1 January 2024			
Cost	94,782	30,827	125,609
Accumulated amortisation and impairment	(46,032)	(21,754)	(67,786)
Net book amount	48,750	9,073	57,823
As at 30 June 2024			
Opening net book amount	48,750	9,073	57,823
Amortisation	-	(403)	(403)
Closing net book amount	48,750	8,670	57,420
At 1 January 2025			
Cost	94,782	30,827	125,609
Accumulated amortisation and impairment	(46,032)	(22,561)	(68,593)
Net book amount	48,750	8,266	57,016
As at 30 June 2025			
Opening net book amount	48,750	8,266	57,016
Amortisation	-	(403)	(403)
Closing net book amount	48,750	7,863	56,613
As at 30 June 2025			
Cost	94,782	30,827	125,609
Accumulated amortisation and impairment	(46,032)	(22,964)	(68,996)
Net book amount	48,750	7,863	56,613

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15. Intangible assets (continued)

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

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

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

Management believes that any reasonably possible change in any of the key assumptions would not result in an impairment of goodwill. There was no impairment provision for intangible assets during the period ended 30 June 2025 (2024: Nil).

16. Bank and other borrowings

	The Group		The Company	
	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Current:				
Bank borrowings – secured	165,658	180,901	-	-
Bank borrowings – guaranteed	20,000	20,000		
Borrowings from manufacturers – secured	59,196	96,429	-	-
Other borrowings – secured	10,069	22,203	-	-
	254,923	319,533	-	-
Non-current:				
Other borrowings – secured	4,440	6,877	-	-
Borrowings from manufacturers – secured	3,707	6,721	-	-
	8,147	13,598		
Total bank and other borrowings	263,070	333,131	-	-

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16. Bank and other borrowings (continued)

As at 30 June 2025 and 31 December 2024, certain borrowings of the Group were secured by pledge of assets of the Group, and corporate and personal guarantees by certain related parties of the Group.

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

	The Group		The Company	
	Unaudited	Audited	Unaudited	Audited
	30 June	31 December	30 June	31 December
	2025	2024	2025	2024
	RMB'000	RMB'000	RMB'000	RMB'000
Inventories	58,752	49,572	-	-
Right-of-use assets	97,851	100,496	-	-
Property, plant and equipment	49,564	51,921	-	-
Security deposits	21,200	21,486	-	-
	227,367	223,475	-	-

17. Share capital

Group and Company	Number of			Total
	ordinary shares	Share capital	Share premium	
		RMB'000	RMB'000	RMB'000
As at 1 January 2024, 31 December 2024, 1 January 2025 and 30 June 2025				
	589,615,183	41,994	82,796	124,790

The Company did not hold any treasury shares as at 30 June 2025 and 30 June 2024. The Company's subsidiaries do not hold any shares in the Company as at 30 June 2025 and 30 June 2024. There were no purchase, sale, transfer, disposal, cancellation and/or use of treasury shares and subsidiary holdings during the financial period ended 30 June 2025.

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17. Share capital (continued)

Share Option

On 17 September 2021, the Company obtained the shareholders' approval on the adoption of the TCA Employee Share Option Scheme ("**TCA ESOS**") by way of written resolutions.

On 6 May 2025 ("**Date of Grant**"), the Company announced that it had granted 4,000,000 share options pursuant to the TCA ESOS ("**2025 Option**"). The 2025 Options are exercisable from 6 May 2026 and expire on 6 May 2030, vest at a maximum of 20% of the shares allotted on the first anniversary of the Date of Grant and each anniversary thereafter.

Movements in the number of unissued ordinary shares under the TCA ESOS and their exercise prices are as follows:

Group and Company	No. of ordinary shares under option						
	Beginning of the financial period	Granted during the financial period	Cancelled/la psed during the financial period	Exercised during the financial period	End of the financial period	Exercise price	Exercisable period
2025 Option	-	4,000,000	-	-	4,000,000	S\$0.05	6 May 2026 to 6 May 2030

No unexercised options are exercisable at the end of the financial period ended 30 June 2025. Save for the above, the Company does not have any outstanding convertibles as at 30 June 2025 and 30 June 2024.

18. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

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

1. Review

The condensed consolidated interim statement of financial position of Trans-China Automotive Holdings Limited (the “**Company**” or “**TCA**”) and its subsidiaries (the “**Group**”) as at 30 June 2025 and the related condensed consolidated interim statement of comprehensive income, condensed consolidated interim statement of changes in equity and condensed consolidated interim statement of cash flows for the six months period ended 30 June 2025 and certain explanatory notes have not been audited or reviewed by the Company’s auditors.

2. Review of performance of the Group

Condensed Consolidated Statement of Comprehensive Income

Revenue

The Company’s total revenue declined by 29.6% or RMB401.4 million to RMB953.6 million in the first six months of 2025 (“**1H2025**”) from RMB1,355.0 million in the same period prior year (“**1H2024**”). Revenue declined in both sales of automobiles and provision of after-sales services while agent commissions rose.

Sale of automobiles

We sold 2,660 cars and generated RMB732.5 million in sales of automobile during 1H2025 as compared with 3,530 units and RMB1,092.2 million in sales of in 1H2024, representing a decrease of 24.6% and 32.9% respectively.

Automobile sales and profitability are highly dependent on the sales plan with the manufacturers for the year. Sales plan which includes volume targets are typically negotiated and set in the fourth quarter of the previous year. If the actual sales fall below the sales plan, certain manufacturer rebates may be reduced. As such, if the market conditions change significantly from the sales plan assumptions, we would need to discount our automobiles, sometimes below costs, to meet the targets. In these challenging markets, we continue to actively work with our OEM partners to reduce to volume targets which resulted in our unit sales declines.

The Chinese automobile sector continues to be in a highly competitive phase. The new energy vehicle (“**NEV**”) has upended the car market, and the entrants are all attempting to build scale quickly to become financially viable. As a result, almost all vehicles are sold in China are with large discounts and incentives⁴. Despite our brand portfolio being comprised of foreign premium and luxury brands which are further removed from the segment facing the fiercest competition, we nonetheless had to discount significantly to sell cars. The price discount on cars reduced the selling price per car and resulted in negative gross margins for car sales. For 1H2025, the gross loss margin was 16.1% and gross loss was RMB118.0 million as compared with gross loss margin of 11.3% and gross loss of RMB123.9 million in the same period prior year.

The gross margin worsened especially in the second quarter of FY2025. In prior years our OEM partners provided extra vendor rebates when market conditions deteriorated significantly. In the current half year period there were no such rebates.

Provision of after-sales services

Total after-sales services revenue in 1H2025 was RMB216.4 million, a decrease of 17.2% or RMB44.8 million from 1H2024 of RMB261.2 million. After-sales services decreased because in prior year there was a product recall that contributed aftersales revenues. Also, as the number of cars sold over the recent financial periods have declined fewer cars are returning to our workshops for repairs.

⁴ <https://baijiahao.baidu.com/s?id=1836976148895501026&wfr=spider&for=pc>

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After-sales gross profit for 1H2025 was RMB75.7 million as compared with 1H2024 was RMB97.4 million. After-sales gross margin was 35.0% in 1H2025 or 2.3 points lower than 1H2024 when it was 37.3%. The decreased in gross margins is due to different mix of cars serviced.

Agent commission

Agent commission refers to the car deliveries fees transacted under the agency dealership business arrangement. TCA does not take inventory of these cars but instead receives a fixed commission for each car delivered. The agent commission was RMB4.7 million in 1H2025 as compared with RMB1.6 million in 1H2024 due to more deliveries of cars. In the second half of 2024, new models were launched which helped generate more orders. We also received additional OEM subsidies which were recognized in 1H2025.

Other Income

Other income was RMB93.6 million in 1H2025 relatively unchanged from 1H2024 when it was RMB93.4 million. Other income comprised of ancillary services such as commissions from selling finance and insurance products and other value-added services such as registration services. Finance commissions per car were higher in the first half of 2025 compared with same period prior year as a result of increased commission rates offered by banks. These rates will decrease in the second half of the year as the banks have ceased the practice of offering high referral commissions (please refer to Note 7).

Other Gains

Other gains are non-operating in nature, primarily comprised of gain on early termination of lease of RMB3.8 million in 1H2025, and other one-off gains. Offset by the net foreign currency exchanges loss and loss on disposals of property, plant and equipment.

Operating Expenses

Selling expenses decreased by 13.5% or RMB9.4 million from RMB69.9 million in 1H2024 to RMB60.5 million in 1H2025 as a result of lower sales volume. Advertising, sales and aftersales related compensation decreased compared to prior year. Depreciation allocated to selling expenses increased related to the Chongqing store renovation in 2024.

Administration expenses decreased by 9.9% or RMB5.6 million from RMB56.5 million in 1H2024 to RMB50.9 million in 1H2025, primarily as lower business volume and staff costs reductions.

Finance income & Finance Costs

Our finance income is derived from bank deposits with financial institutions. During the 1H2025, we had lower average cash balances as we repaid credit lines and experienced cash outflows from operations. As a result, the Company's finance income fell by 50.7% or RMB244,000 to RMB237,000 in 1H2025 from RMB481,000 in 1H2024.

Our finance costs decreased by 11.9% or RMB2.3 million from RMB19.2 million in 1H2024 to RMB16.9 million in 1H2025. The decrease was primarily due to repayment of bank and other borrowings and lower average bills payable due to lower average inventory balances. Finance costs related to bills payable and bank and other borrowings decreased by RMB1.6 million or 13.9% to RMB9.9 million in 1H2025 as compared with RMB11.5 million in 1H2024. Finance costs related to leases was RMB7.0 million in 1H2025 as compared with RMB7.8 million 1H2024 a slight decline due to the termination of leases related to closed dealerships.

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Net loss

As a result of the foregoing, the loss before tax decreased by RMB6.9 million to RMB68.3 million in 1H2025 from RMB75.2 million in 1H2024. Net loss for 1H2025 was RMB66.6 million as compared with a net loss of RMB74.4 million 1H2024. Basic and fully diluted loss per share was RMB0.11 in 1H2025 as compared with RMB0.13 in 1H2024.

Condensed Consolidated Statement of Financial Position

Current assets

Total current assets decreased by RMB131.3 million to RMB776.9 million as at 30 June 2025 as compared with RMB908.2 million as at 31 December 2024. Inventory increased by RMB48.6 million to 226.2 million at 30 June 2025 compared to prior year end of RMB177.6 million as more cars are delivered during the fourth quarter as it is a seasonally busy period. Our trade and other receivables decreased because of lower sales volume in the current year, absence of special rebates as well as collection rebates accrued at year-end. Prepayments and deposits decreased due to lower levels of inventory in transit. Pledged bank deposits fell as a result of settlement of bills payable before the end of the reporting period.

Non-current assets

Non-current assets decreased by RMB37.6 million to RMB509.5 million as at 30 June 2025 from RMB547.1 million as at 31 December 2024, mainly due to depreciation and amortization of property, plant and equipment and rights-of-use assets as well as disposition of motor vehicles in our demonstration vehicle fleet.

Non-current liabilities

Non-current liabilities decreased by RMB16.1 million to RMB280.1 million as at 30 June 2025 from RMB296.2 million as at 31 December 2024, primarily as a result of amortisation of lease liabilities and repayment of bank and other borrowings.

Current liabilities

Current liabilities decreased by RMB88.2 million to RMB979.4 million as at 30 June 2025 as compared with RMB1,067.6 million as at 31 December 2024, primarily due to lower bank and other borrowings as a result repayment of bank lines. Bills payable, accruals and other payables also decreased due to lower overall business volume. This was offset by an increase of RMB5.8 million in loan due to shareholder. Shareholder borrowings increased to provide the Group with additional short-term funding.

Equity

Equity for the Group decreased by RMB64.5 million to RMB27.0 million as at 30 June 2025 from RMB91.5 million as at 31 December 2024. The decrease is due to the net loss incurred for the period.

Condensed Consolidated Statement of Cash Flows

Operating Activities

Cash outflow from operating activities before changes to working capital was RMB13.9 million in the 1H2025 as compared with cash outflow of RMB11.1 million in 1H2024. The cash outflow is primarily due to the loss before taxation.

Cash inflow from operation activities after changes in working capital was RMB99.6 million as compared with cash outflow of RMB15.6 million in 1H2024. This is primarily due to collection of vendor rebates during the first half of the year which included extra-subsidies and lower pledged bank deposits compared to prior year because of lower inventory in transit. This was offset partially by repaying bills payable as inventory was financed with manufacturer backed financing.

Investing Activities

Cash inflow from investing activities was RMB6.8 million in 1H2025 as compared with the cash outflow of RMB13.7 million in 1H2024. Positive cash flow from investing activities arose from disposal of motor vehicles to increase assets efficiency. In prior year, the Company renovated its Chongqing BMW store which increased capital expenditures.

Financing Activities

Cash outflow from financing activities was RMB94.0 million in 1H2025. This is primarily due to net repayment of bank and other borrowings, interest expenses and lease payments, offset by the proceeds from shareholder's loan.

Corporate Developments

There are currently no development projects in progress. The Company is in the process of reviewing the brand portfolio and rationalizing stores that have limited profit potential. The Company has closed the Shenzhen and Wuhan McLaren show room, and intends to relocate the Guangzhou McLaren showroom and after-sales services center to a shared facility.

Debt Management

As at 30 June 2025, our net interest-bearing liabilities was RMB444.8 million, a slight decrease from RMB467.1 million as at 31 December 2024. Our net debt to equity ratio increased to 16.5x as at 30 June 2025 from 5.1x as at 31 December 2024 due to shareholders' equity has been reduced by ongoing losses from operations.

Net debt is defined as long term and short term borrowings & loan, and bills payable less cash and equivalents and others, and pledged deposits.

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

(a) Updates on the efforts taken to resolve each outstanding audit issue.

(b) Confirmation from the Board that the impact of all outstanding audit issues on the financial statements have been adequately disclosed.

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

Not applicable.

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

Not applicable.

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

Over the last few years the Chinese automobile industry has been intensely competitive due to a soft economy and emergence of many domestic electric vehicle brands. This has led to a marketplace where price wars and steep discounting are frequent as each brand is vying for market share. This has resulted in a decline in industry profits despite overall volume growth⁵. Among hundreds of EV brands of which only four are profitable⁶. Similarly, in the dealership industry, the seven dealership groups listed on the Hong Kong stock exchange reported new car gross margins and profit declines for the full FY2024 results⁷. Different automobile trade associations such as China Automotive Dealers Association (“CADA”) which represent dealership industry have lobbied the government to regulate and promote sustainable growth in the industry⁸.

Recently, the Chinese government through its commerce ministries have stepped in to discourage excess discounting and restore market discipline⁹. Key amongst these measures are making rebate qualifications clearer and quicken the rebate payouts. Also, supplier payments must be settled within a set time frame. The banks have also been requested by the government to cease the practice of offering high commission rates for car consumer financing referrals (the Company recorded such income under other income)¹⁰. These high finance rebates have exacerbated the price war as it creates price confusion and complicates the car buying process for the end consumers. We believe these recent changes will eventually lead to car price recovery.

In the dealership industry the OEM of the major brands, including our key partners, are progressing towards their goal of rightsizing the dealership network in order to lessen intra-band competition¹¹. The remaining dealerships in the network will be nurtured and protected. This will eventually translate to improved profitability and better price disciplines.

The recent developments are positive for the industry and the Company. Despite so, we remain cautious as it is uncertain when these changes will result in tangible improvements to our business. We expect the remainder of the financial year to be challenging. We are currently selling cars with a significant discount and that creates a significant working capital demand before OEM rebates are received. As such, we will progress with our cost cutting efforts and withhold any large non-essential capital expenditures until market conditions improve.

⁵ <https://www.yicai.com/news/102651302.html>

⁶ <https://baijiahao.baidu.com/s?id=1836596431435408050&wfr=spider&for=pc>

⁷ https://business.sohu.com/a/901140559_121124371

⁸ <https://baijiahao.baidu.com/s?id=1834428566870743491&wfr=spider&for=pc>

⁹ <https://baijiahao.baidu.com/s?id=1835759112131143565&wfr=spider&for=pc>

¹⁰ <https://baijiahao.baidu.com/s?id=1835596855314441441&wfr=spider&for=pc>

¹¹ <https://weibo.com/ttarticle/p/show?id=2309405153568884916470>

6. Dividend information

(a) Current financial period reported on

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

No dividend has been declared or recommended for the financial period ended on 30 June 2025.

(b) Previous corresponding period

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

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

(c) Date payable

Not applicable

(d) Book closure date

Not applicable.

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

No dividend has been declared or recommended for the financial period ended 30 June 2025 as the Company intends to reserve its cash resources for investments.

7. Interested person transactions

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

The aggregate values of IPTs entered into by the Group were as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
Octo Holdings Limited	Controlling shareholder	RMB709,000	Not applicable

Save as disclosed herein, there were no other IPT (excluding transactions less than \$100,000) entered into by the Company during 1H2025.

8. Additional information required pursuant to Rule 706A of the Catalist Rules

As announced on 29 May 2025, the Company's wholly owned subsidiary, Changsha Bright Focus Automobile Sales and Services Co., Ltd., a dormant subsidiary, had been dissolved in the People's Republic of China on 27 May 2025.

Save for the above, there were no acquisition or realisation of shares resulting (i) in a change in the shareholding percentage in any subsidiary or associated company of the Group, or (ii) an entity becoming or ceasing to be a subsidiary or associated company of the Group during the financial period under review.

9. Confirmation that the issuer has procured undertaking from all its directors and executive officers (in the format set out in Appendix 7H) under Rule 720(1) of the Catalist Rules

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

10. Confirmation by the Board

On behalf of the Board of Directors of the Company, I, the undersigned, hereby confirm to the best of my knowledge that nothing has come to the attention of the Board of Directors of the Company which may render the financial statements for the six-month period ended 30 June 2025 to be false or misleading in any material aspect.

BY ORDER OF THE BOARD

Francis Tjia

Executive Chairman and Chief Executive Officer

12 August 2025