GEARING UP FOR GREATER GROWTH

TRANS CHINA AUTOMOTIVE
耀骅汽车

ANNUAL REPORT 2021

CONTENTS

CORPORATE PROFILE

Headquartered in Hong Kong and Shenzhen, the 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[1] and ultra-premium[2] automobiles under the BMW, McLaren and Genesis brands.

Our 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, we provide after-sales services which include maintenance and repair services, and sale of automobile parts and accessories. As an ancillary business, we also provide automobile agency services which include related automobile registration and administration for financing and insurance services in the PRC.

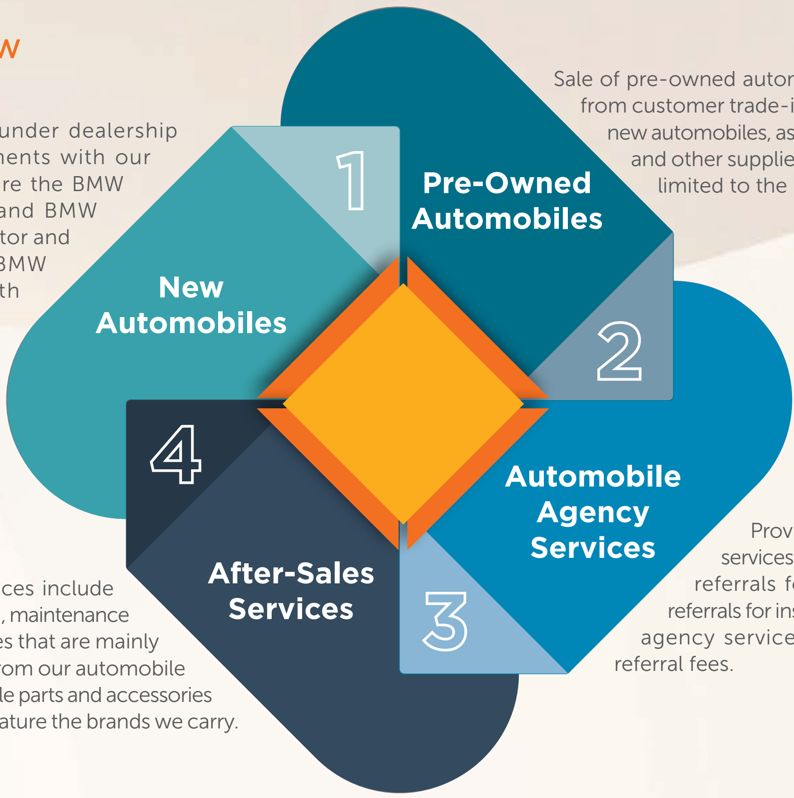
This annual report has been prepared by the Company and its content have been reviewed by the Company's Sponsor, RHT Capital Pte Ltd (the "**Sponsor**"), for compliance with the relevant rules of the Singapore Exchange Securities Limited ("**SGX-ST**").

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 Professsional, 6 Raffles Quay #24-02, Singapore 048580, sponsor@rhtgoc.com.

[1] Automobile brands which carry automobiles each priced between RMB300,000 and RMB1,000,000 on average
[2] Automobile brands which carry automobiles each priced above RMB1,000,000 on average

BUSINESS OVERVIEW



Sale of new automobiles under dealership agreements and arrangements with our automobile OEMs[3] which are the BMW Distributors (BMW China and BMW Brilliance), McLaren Distributor and Genesis Distributor. Our BMW dealerships distribute both internationally and locally manufactured BMW models and is a key revenue driver for our Group.

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

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

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

[3] Manufacturer and distributor of automobiles

AT A GLANCE

BMW

4 fully integrated dealerships with showrooms and service centres

1 Service Centre[1]

McLaren

4 Showrooms

4 Service Centres

GENESIS

1 Dealership[1]

Awards

BMW Dealer Excellence Award – 2017 & 2018

McLaren China Dealer of the Year Award - 2017

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

[1] The new Genesis dealership and BMW service centre are expected to commence operations mid-2022.

NETWORK OF DEALERSHIPS AND SHOWROOMS

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

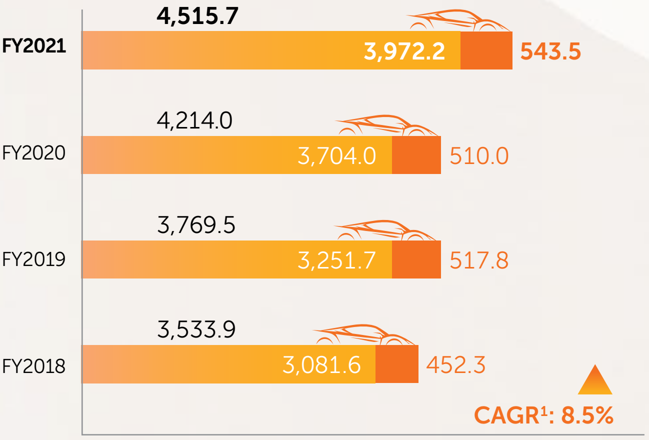
Foshan


Chongqing

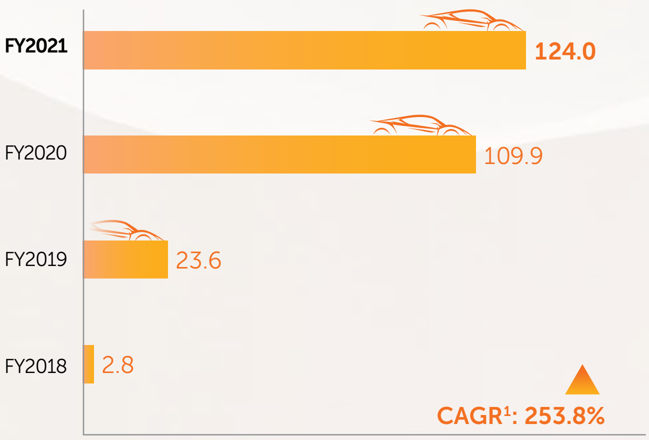
EXTENDING THE REACH OF OUR DEALERSHIP NETWORK

FINANCIAL HIGHLIGHTS

REVENUE (RMB'million)



NET PROFIT (RMB'million)



Sales of Automobiles   Provision of After-Sales Services

GROSS PROFIT (RMB'million)

	FY2018	FY2019	FY2020	FY2021
Sales of Automobiles	28.0	69.9	107.5	**153.5**
Provision of After-Sales Services	187.8	215.4	208.6	**218.1**
Total	215.7	285.3	316.1	**371.6**

GROSS PROFIT MARGIN (%)

	FY2018	FY2019	FY2020	FY2021
Sales of Automobiles	0.9	2.1	2.9	**3.9**
Provision of After-Sales Services	41.5	41.6	40.9	**40.1**
Overall	6.1	7.6	7.5	**8.2**

[1] CAGR: Compound annual growth rate

BALANCE SHEET (RMB'million)

	As at 31 December 2021	As at 31 December 2020
Total Assets	**1,982.6**	1,709.0
Total Liabilities	**1,690.2**	1,629.6
Total Equity	**292.4**	79.5
NAV per Share (RMB'cents)	**0.57**	0.16

SHARE PRICE PERFORMANCE[2]

	From date of listing to 31 December 2021
IPO offer price (November 2021)	S$0.230
As at last trading day of the year (31 December 2021)	S$0.270
Highest	S$0.350
Lowest	S$0.245
Trading Volume (million shares)	79,852
Number of shares in issue	584,323,950
Market capitalisation	S$157,767,467

[2] Source: Share Investor

LETTER TO SHAREHOLDERS

“With the net proceeds of S$16.3 million from our listing, we are ready to accelerate our growth plans by expanding the breadth and depth of TCA's business. Our expansion plans first and foremost will remain focused on the premium and ultra-premium segment of the automotive market in China”

FRANCIS TJIA
Executive Chairman
and Chief Executive Officer

DEAR SHAREHOLDERS

On 11 November 2021, TCA made its trading debut on the Catalist Board of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") and became the first automobile dealership group with operations in the People's Republic of China ("**PRC**") to be listed on the Singapore bourse.

The listing marked the start of an exciting new chapter for TCA and I want to thank all shareholders for the vote of confidence you have given us through your investment in our Group.

Outlook and Prospects

With the net proceeds of S$16.3 million from our listing, we are ready to accelerate our growth plans by expanding the breadth and depth of TCA's business. Our expansion plans first and foremost will remain focused on the premium and ultra-premium segment of the automotive market in China. We continue to believe that these segments will continue to outperform the overall car market in China, not only in terms of long term growth rates, but also in terms of stability of profitability for retailers such as TCA. We initially aim to expand by establishing new operations or make acquisitions in cities where we already have a presence. While we are keen to continue to expand with our existing OEM partners, we will also consider working with new automotive partners where we believe business prospects for adding such new brands are attractive.

I am very happy to report that we have already made some progress on these plans. In January 2022, just two months after our listing, we announced we had secured a new dealership for the Genesis brand. The new dealership will be located in Guangzhou and the construction of the facilities has already commenced. We expect to be operational by June of this year. TCA will be the first and only Genesis dealership in Guangzhou, where we also operate BMW and McLaren stores.

We are optimistic about the prospects of Genesis in China as it is well-received in international markets. Genesis is allocating significant resources to launch the brand in China, and the products that Genesis is introducing to the market are beautifully engineered and designed. Moreover, we like Genesis' plans for electrification of its product range, and we are very excited to be adding Genesis to our brand portfolio.

We are also excited to be adding another BMW facility in Shenzhen. Construction has commenced on a new BMW Service Centre in the district of Pingshan, which is adjacent to our existing BMW dealership in Longgang district. The facility will add significant capacity to our BMW after-sales business in Shenzhen, and it is expected to be operational sometime in mid-2022.

Besides these two projects in financial year ending 31 December 2022 ("**FY2022**"), we are also eagerly anticipating the start of deliveries of McLaren's new "Artura" model. The McLaren Artura was launched in China in September 2021 and we had initially expected to start deliveries to our customers in April of this year. Unfortunately the global supply chain problems in the automotive space has also affected McLaren. As a consequence, the first batch of Arturas destined for China most likely will not reach our shores until late in the third quarter of this year.

In other network developments, we terminated our arrangement in Shenzhen with Lotus. The brand is in the process of relaunching globally, and they have ambitious plans for the China market. However, after reviewing our overall portfolio, we made a strategic decision to re-deploy our resources to other opportunities instead of committing to the significant investment that would be required for Lotus in a first-tier Chinese city such as Shenzhen. Nevertheless, we remain interested in working with Lotus in other cities in China.

Finally, we continue to work on securing a strong franchise for the vacant land

GENESIS

LETTER TO SHAREHOLDERS

PingShan Service Center Artist Impression

owned by the Group adjacent to our BMW store in Chongqing. It is a prime site for another premium-brand luxury car dealership that we hope to secure this year.

In relation to other areas within our operations, we are on the lookout for potential collaborations with suitable partners through joint ventures or strategic alliances to expand our pre-owned automobile sales business and automobile-related services businesses. We are also seeking the right opportunities to expand and diversify into complementary businesses by broadening our business scope into related ventures that complement our existing operations in the PRC.

The overall Chinese passenger vehicle market grew by 4.7% to 20.1 million units in 2021 from 19.2 million units in 2020. Premium segment unit sales increased by 4.0% to 2.6 million units in 2021 from 2.5 million units in 2020[1]. Our core brand, BMW, was the leading premium automobile brand in China and grew its sales by 8.3% to 821,000 units in 2021. BMW outsold its nearest competitors Mercedes Benz and Audi, which sold 770,000 units and 691,000 units respectively[2].

We expect the aforementioned plans to keep us busy for the remainder of FY2022. We will keep shareholders posted of any new corporate developments through timely disclosures.

FY2021 Performance Review

We achieved record revenue and profit for the financial year ended 31 December 2021 ("**FY2021**"). Our net profit after taxes came in 12.8% higher compared to financial year ended 31 December 2020 ("**FY2020**") at RMB124.0 million in FY2021. On a normalised operating earnings basis where we exclude the effects of reversal of impairment provision on property, plant and equipment and listing fees, earnings growth was 61.6%. The improved earnings were on the back of revenue growth of 7.2% over the same period to RMB 4,515.7 million and higher overall gross margins.

Automobile sales growth in FY2021 was driven by especially strong sales in the first half of the year. Although we experienced some supply disruptions in the second half of FY2021, all our BMW dealerships still managed to record same-store-sales increases, which attests to the strength of TCA's dealerships and our team. If not for supply challenges, we would have ended the year on an even higher note. Looking ahead, we will continue to strive for even better results.

Our consecutive years of strong profitability allowed us to make significant strides in reducing overall debt. In FY2021, we repaid a term loan which resulted in significant interest expense savings and increased our financial flexibility.

Accordingly, the Board of Directors is pleased to propose a first time dividend as a listed-company of RMB 0.0257 per ordinary share for FY2021 representing a 12.1% earnings payout ratio.

Appreciation

On behalf of the Board, I want to express my appreciation to everyone who has participated in our growth story. TCA has come a long way since our early days and our success today would not have been possible without the support of our principals, business partners, staff and customers.

I am excited to work closely with my fellow Directors and management team to chart the path ahead and to steward the Group to greater growth and business sustainability.

And to our new shareholders, welcome onboard! We look forward to the onward journey with you.

Francis Tjia
Executive Chairman and CEO

[1] Source: China Passenger Car Association (http://www.cpcaauto.com/newslist.php?types=csjd&id=731)
[2] Source: Autohome (https://www.autohome.com.cn/news/202201/1235399.html?pvareaid=3311315)

OPERATIONAL & FINANCIAL REVIEW

INCOME STATEMENT

(RMB' million)	FY2021	FY2020	% Variance
Revenue	**4,515.7**	**4,214.0**	**7.2**
Cost of Sales	(4.144.1)	(3,897.8)	6.3
Gross Profit	**371.6**	**316.1**	**17.5**
Other Income	99.5	86.6	14.9
Other Gains, Net	11.0	5.3	106.5
Selling Expenses	(84.6)	(98.9)	(14.5)
Administrative Expenses	(187.6)	(143.6)	30.6
Reversal of provision for impairment of property, plant and equipment	–	29.7	n.m
Operating Profit	**209.9**	**195.2**	**7.5**
Finance Costs, Net	(46.7)	(58.5)	(20.2)
Profit Before Income Tax	**163.2**	**136.7**	**19.4**
Profit for the Period/Year	**124.0**	**109.9**	**12.8**
Adjusting for			
Impairment Provision	-	(29.7)	n.m.
Listing Fees	9.0	2.1	328.6
Normalised Operating Earnings	**133.0**	**82.3**	**61.6**

Total Revenue

The Group recorded a 7.2% increase in revenue to RMB4,515.7 million in FY2021 from RMB4,214.0 million in FY2020 on higher sales from both automobile sales and provision of aftersales services.

Automobile sales rose 7.2% to RMB3,972.2 million in FY2021 from RMB3,704.0 million in FY2020 as a result of higher average selling price and higher units sold which increased 6.5% to 10,809 units in FY2021. The Group recorded stronger automobile sales in the first half of FY2021 compared to the second half of the year which was impacted by supply shortages due to supply chain issues caused by the ongoing pandemic.

Provision of after-sales services saw a 6.6% growth in revenue to RMB543.5 million in FY2021 compared to RMB510.0 million in FY2020, mainly from new car customers returning to the Group's dealerships for repairs and maintenance services.

Revenue by Segment

(RMB' million)	FY2021	FY2020	% Variance
Sale of automobiles	3,972.2	3,704.0	7.2
Provision of after-sales services	543.5	510.0	6.6
Total Revenue	**4,515.7**	**4,214.0**	**7.2**

OPERATIONAL & FINANCIAL REVIEW

Cost of Sales & Gross Profit

Cost of Sale of Automobiles increased by 6.2% to RMB3,818.7 million in FY2021 from RMB3,596.4 million in FY2020, while gross profit rose 42.7% to RMB153.5 million in FY2021 compared to RM107.6 million in FY2020. The strong demand for premium cars and enhanced inventory management during the year boosted gross profit margin for this segment to 3.9% from 2.9% in FY2020. Inventory turnover also improved to 25.5 days in FY2021 from 31.0 days in FY2020.

Cost of sales for the Group's Provision of After-sales Services rose 8.0% to RMB325.4 million in FY2021 from RMB301.4 million in FY2020 due to higher service volumes. Gross profit increased 4.6% to RMB218.1 million in FY2021 from RMB208.6 million of the previous year, while gross profit margin saw a marginal dip of 0.8 percentage point to 40.1% in FY2021 from 40.9% in FY2020 due to higher proportion of service orders coming from lower valued repairs.

Operating Expenses

Selling expenses declined 14.5% for the year to RMB84.6 million in FY2021 from RMB98.9 million in FY2020 due to lower consumption taxes on super premium cars, partially offset by increase in advertising expenses.

Administrative expenses rose 30.6% to RMB187.6 million in FY2021 compared to RMB143.6 million in FY2020 mainly attributable to (i) higher legal fees and other professional fees of RMB9.4 million relating to the IPO; (ii) higher depreciation of RMB6.2 million of rights-of-use asset as part of a new lease; and (iii) an increase in staff costs of RMB20.6 million.

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

Net Finance Expenses

Net finance costs declined 20.2% to RMB46.7 million in FY2021 from RMB58.5 million in FY2020. This was largely due to lower financing costs on bank and other borrowings, which decreased by 40.6% from RMB 41.6 million to RMB 24.7 million. The lower finance costs in FY2021 arose from the repayment of a term loan with cashflow from operations and proceeds from working capital loans, as well as utilisation of cash on hand to purchase inventory and faster inventory turnover. The Company also earned higher interest income of RMB1.5 million, up 66.7% from RMB0.9 million in FY2020 as a result of higher average cash balances.

Profit

As a result, profit before income tax rose 19.4% to RMB163.2 million in FY2021 from RMB136.7 million in FY2020, while net profit for the year improved 12.8% to RMB124.0 million compared to RMB109.9 million a year ago.

Normalised Operating Earnings

On a normalised operating earnings basis, earnings growth y-o-y was 61.6%, equivalent to an increase of RMB50.7 million. Normalised operating earnings exclude the effect of reversal of impairment provision on property, plant and equipment of RMB29.7 million in the FY2020 results and listing fees incurred in FY2020 and FY2021.

Gross Profit Margin by Segment

	FY2021	FY2020	% Variance
Sale of automobiles	3.9%	2.9%	1.0 pt
Provision of after-sales services	40.1%	40.9%	(0.8) pt
Overall Gross Profit Margin	**8.2%**	**7.5%**	**0.7 pt**

Reconciliation from Profit for the Year to Normalised Operating Earnings:

	FY2021 (RMB 'million)	FY2020 (RMB 'million)	Change (%)	Change (RMB 'million)
NPAT	**124.0**	**109.9**	**12.8**	**14.1**
Adjusting for reversal of provision of impairment on property, plant and equipment	–	(29.7)		
Listing fees	9.0	2.1		
Total	**133.0**	**82.3**	**61.6**	**50.7**

BALANCE SHEET

(RMB' million)	As at 31 December 2021	As at 31 December 2020
ASSETS		
Non-current Assets		
Property, plant and equipment	184.3	171.8
Right-of-use assets	317.9	328.7
Intangible assets	79.7	80.5
Deferred income tax assets	5.4	5.5
Prepayment	–	3.8
	587.3	**590.3**
Current assets		
Inventories	330.9	248.8
Trade and other receivables	195.5	183.1
Prepayments and deposits	406.9	408.5
Amounts due from fellow subsidiaries	–	20.5
Financial assets at fair value through profit or loss	–	2.5
Pledged bank deposits	308.7	149.5
Cash and cash equivalents	153.3	105.8
	1,395.3	**1,118.7**
Total Assets	**1,982.6**	**1,709.0**
Equity attributable to the owner of the Company		
Share capital	38.5	330.2
Share premium	81.7	8.3
Reserves	70.0	(137.6)
Retained earnings/(accumulated losses)	102.2	(121.4)
Total Equity	**292.4**	**79.5**
LIABILITIES		
Non-current liabilities		
Bank and other borrowings	17.9	186.1
Lease liabilities	218.2	219.4
Deferred income tax liabilities	41.3	41.3
Amount due to the immediate holding company	94.7	133.9
	372.1	**580.7**
Current liabilities		
Trade and bills payable	459.5	389.1
Accruals and other payables	55.5	60.0
Contract liabilities	183.0	165.3
Bank and other borrowings	582.3	405.6
Lease liabilities	16.2	12.6
Current income tax liabilities	21.6	16.2
	1,318.1	**1,048.8**
Total Liabilities	**1,690.2**	**1,629.5**
Working Capital	77.2	69.9
Net Interest Bearing Liabilities[1]	561.7	667.1

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

OPERATIONAL & FINANCIAL REVIEW

The Group's total assets expanded to RMB1,982.6 million as at 31 December 2021 from RMB1,709.0 million as at 31 December 2020.

Non-current assets declined RMB3.0 million to RMB587.3 million as at 31 December 2021, largely due to (i) a decrease in right-of-use assets and intangible assets of RMB11.7 million arising from depreciation and amortisation; (ii) reclassification of deposit paid for acquisition of property, plant and equipment of RMB3.7 million due to the completion of the renovation projects; and (iii) an increase in property, plant and equipment of RMB12.5 million due to net additions of motor vehicles, leasehold improvements and furniture.

Current assets for the year saw an increase of RMB276.6 million to RMB1,395.3 million, largely on (i) an increase in inventory and trade and other receivables of RM94.5 million due to higher business activities in FY2021; (ii) a decrease in prepayment and deposits of RMB1.6 million due to an increase in manufacturers deposits, offset by lower security deposit required by the Group's financial partners; (iii) a decline in amounts due from related companies of RMB20.5 million collected during the year; and (iv) an increase in pledged bank deposits and cash and bank balances of RMB206.7 million mainly from the gross proceeds of RMB92.3 million raised at IPO.

The Group's total liabilities came in at RMB1,690.2 million as at 31 December 2021, up from RMB1,629.5 million as at 31 December 2020.

Non-current liabilities saw a RMB208.6 million decline to RMB372.1 million as at 31 December 2021, largely on (i) lower long term loan (bank and other borrowings) of RMB168.2 million due to repayment of a term loan with cash on hand and lower costs credit lines; (ii) a decrease in amount due to immediate holding company of RMB39.2 million due to repayment during the year; and (iii) a decline in non-current lease liabilities of RM1.3 million arising from the reclassification of long term to short term liabilities.

Current liabilities for the year increased RMB269.3 million to RMB1,318.1 million, mainly attributable to (i) an increase in trade and bills payable of RMB70.5 million due to higher automobile and spare parts inventory; (ii) a decline in accruals and other payables of RMB4.5 million as a result of settlements of these payables before end of the reporting period; (iii) an increase in contract liabilities of RMB17.7 million due to higher orders on hand at yearend for delivery in FY2022; (iv) an increase in short term debt (bank and other borrowings) of RMB176.7 million as the Group utilised its credit lines to retire a high-cost term loan and to fund working capital items such as deposits to manufacturers; (v) an increase in current income tax liabilities of RMB5.4 million due to higher profit for the year; and (vi) an increase in current lease liabilities of RMB3.6 million as a result of reclassification from non-current liabilities.

The Group's total shareholder equity increased RMB212.9 million to RMB292.4 million as at 31 December 2021 from RMB79.5 million as at 31 December 2020. The changes in share capital, share premium and reserves were mainly due to new share issuance from the IPO. Retained earnings as at 31 December 2021 stood at RMB102.2 million due to profit for FY2021.

CASH FLOWS

(RMB' million)	FY2021	FY2020
Net cash generated from operating activities	230.0	106.9
Net cash used in investing activities	(23.3)	(37.0)
Net cash used in financing activities	(156.4)	(51.7)
Cash and cash equivalents at end of financial year	153.3	105.8

The Group closed the year with net increase in cash and cash equivalents of RMB153.3 million, up from RMB105.8 million a year ago as a result of the following:

The Group generated higher net cash from operating activities before movement in working capital of RMB257.2 million in FY2021 compared to RMB202.7 million in FY2020, due to higher net profit for the year.

Net cash generated from operating activities rose to RMB230.0 million in FY2021 from RMB106.9 million in FY2020, mainly from (i) higher trade and bills payable, accruals and other payables of RMB66.1 million as a result of increased inventory levels; (ii) higher contract liabilities of RMB17.7 million arising from higher orders received at year end for delivery in FY2022; and (iii) collection of RMB19.2 million for amount due from fellow subsidiaries. This was partially offset by investment in inventories of RMB83.4 million due to higher business activities and an increase in trade and other receivables and prepayments and deposits of RMB13.1 million from higher revenue.

Net cash used in investing activities amounted to RMB23.3 million in FY2021, down from RMB37.0 million in FY2020. The cash was utilised for purchases of property, plant and equipment of RMB54.6 million, primarily for motor vehicles to be used as demonstration vehicle, leasehold improvements, furniture and equipment associated with dealership renovations. This was partially offset by proceeds from disposal of property, plant and equipment of RMB23.6 million, primarily from motor vehicles that were retired from the fleet of demonstration vehicles, and proceeds from interest received for deposits with financial institutions of RMB1.5 million and redemption of an investment product of RMB2.5 million.

Net cash used in financing activities increased to RMB156.4 million in FY2021 from RMB51.7 million in FY2020 due to (i) interest paid on bank borrowings of RMB32.8 million; (ii) lease payments of RMB29.2 million; (iii) repayment to the immediate holding company of RMB36.2 million; and (iii) increased pledged bank deposits of RMB159.2 million to secure higher credit lines. This was partially offset by increased bank and other borrowings of RMB11.8 million and gross proceeds from IPO of RMB92.3 million.


Guangzhou


NEV Display

BUILDING ON THE STRENGTH OF OUR BRANDS

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
- Income Partners Asset Management – Non-Executive Director

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

Francis moved to Hong Kong in 1990 upon completing 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, where he remains a shareholder and a Non-Executive Director.

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 a 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. Immediately before joining the 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 Group – Managing Director
- Ufinity Group – Chief Financial Officer
- Bitapple Singapore Pte Ltd – Chief Executive 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 Perth, Western Australia. From 1993 to 2005, David held various positions in Singapore, including Vice President of 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 Group, 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, a software company that has received the Profit Growth Excellence award from DP Information for each of the last eight years, Chief Executive Officer of Bitapple Singapore Pte Ltd, a cryptocurrency exchange company 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:
- Nexia TS Group – Group Chief Executive Officer & Chief Innovation Officer

Mr Henry Tan is the Group Chief Executive Officer & Chief Innovation Officer of Nexia TS Group. He was the past Asia Pacific Regional Chairman and a board member of Nexia International.

Henry graduated from the National University of Singapore with a Bachelor of Accountancy (First Class Honours) in 1988 and subsequently completed the Advanced Executive Management Development Programme of Beijing Tsinghua University. He is also an ASEAN Chartered Professional Accountant, an Associate Member of the Institute of Internal Auditors, a Fellow of Insolvency Practitioners Association of Singapore, a Fellow of the Institution of Singapore Chartered Accountants and the Institute of Chartered Accountants of Australia and New Zealand, an Accredited Tax Advisor (Income Tax) of the Singapore Chartered Tax Professionals, a Fellow of the CPA Australia, a Fellow of the Singapore Institute of Directors, a Chartered Valuer And Appraiser of the Institute of Valuers and Appraisers, Singapore, a ISCA Financial Forensic Professional Credential of Institute of Singapore Chartered Accountants and Insolvency Practitioner's Licence of Ministry of Law Singapore.

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

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 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 he left Jefferies & Company, he held directorships at Morgan Stanley's Equity and Fixed Income Divisions, Lim Advisors, a fund management company based in Hong Kong, Watermill Advisors and Watermill Capital. Currently, Steven is an Executive Director at Arch Capital Solutions, a boutique business and management consultancy.

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 18 for Francis' 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 was appointed 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 automotive brand 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 its 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 business.

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 till 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. We are in the process of upgrading our IR website into a comprehensive and primary source for 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 fixed dividend policy. However, the Company has proposed its first dividend as a listed company, of RMB0.0257 per ordinary share, representing a payout ratio of 12.1% for FY2021.

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 conducted our first investor briefing for our FY2021 results in February 2022. Our key management team including our CEO and CFO intends to pro-actively connect with financial analysts, existing and potential investors, and shareholders through multiple channels, as well as participate in institution-initiated investor events, non-deal roadshows and retail seminars conducted by financial associations.

Tentative Financial Calendar for FY2022*

August 2022	1H2022 Results Announcement
February 2023	FY2022 Results Announcement
April 2023	Annual General Meeting

* Subject to change

CORPORATE INFORMATION

Registered Office
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KY1-1111, Cayman Islands

Correspondence Address
#3002, 30th Floor
88 Hing Fat Street
Causeway Bay, Hong Kong
Tel: (852) 3907 6000

Website & Email Address
www.tca-auto.com
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

Full Sponsor

RHT Capital Pte. Ltd.
6 Raffles Quay
#24-02
Singapore 048580

Independent Auditors And Reporting Accountant

PricewaterhouseCoopers LLP
7 Straits View
Marina One, East Tower, Level 2
Singapore 018936

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

Singapore Share Transfer Agent

In.Corp Corporate Services Pte. Ltd.
30 Cecil Street
#19-08 Prudential Tower
Singapore 049712

Company Secretary

Siau Kuei Lian

Investor Relations
Lee Teong Sang
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Media Relations

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101 Thomson Road
#29-05 United Square
Singapore 307591

CORPORATE GOVERNANCE

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 generally 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 2021 ("**FY2021**"), 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

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, if any, 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 the Directors of the Company have no prior experience as directors of the public listed companies in Singapore when they were appointed to the Board. The details of training programmes attended by the first-time Directors in FY2021 as prescribed by the SGX-ST pursuant to Practice Note 4D of the Catalist Rules as follows:

Singapore Institute of Directors Listed Entity Director Programme	Date of Attendance		
	Mr Francis Tjia	Mr Michael Cheung	Mr Steven Petersohn
LED 1 – Listed Entity Director Essentials	1 March 2021	1 March 2021	1 March 2021
LED 2 – Board Dynamics	3 March 2021	10 March 2022	3 March 2021
LED 3 – Board Performance	20 May 2021	20 May 2021	11 March 2022
LED 4 – Stakeholder Engagement	21 May 2021	19 July 2021	15 March 2022
LED 5 – Audit Committee Essentials	21 July 2021	Not applicable	16 March 2022
LED 6 – Board Risk Committee Essentials	Not applicable	Not applicable	To be attended
LED 7 – Nominating Committee Essentials	23 July 2021	Not applicable	To be attended
LED 8 – Remuneration Committee Essentials	Not applicable	Not applicable	To be attended

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.

Following the listing of the Company on the Catalist Board of the SGX-ST on 11 November 2021, the number of Board and Board Committees meetings held during FY2021 and the attendance of each Director where relevant is as follows:

Type of meetings	Board	ARC	NC	RC
No. of meetings	1	2	1	1
Attendance				
Mr Francis Tjia	1/1	2/2	1/1	1/1
Mr Michael Cheung	1/1	2/2	1/1	1/1
Mr David Leow	1/1	2/2	1/1	1/1
Mr Henry Tan	1/1	2/2	1/1	1/1
Mr Steven Petersohn	1/1	2/2	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

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

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 Director 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. The Board is satisfied that it is of an appropriate size to facilitate effective decision-making.

Notwithstanding that the Company has not adopted a formal board diversity policy, the Company recognises and embraces the importance and benefits of having a diverse Board to enhance the quality of its performance. The NC notes the recommendation of the Code and considers all aspects of diversity, including of skills, experience, gender, knowledge and other relevant factors. Hence, the NC is of the view that the Board currently comprises Directors who have the appropriate balance and diversity of skills, expertise and experience, knowledge of the industry the Group operates in and collectively possess the necessary core competencies for effective functioning and informed decision-making. The NC will look into the process of setting up a board diversity policy in the next financial year. The profile of each Director including their academic and professional qualifications and other appointments is presented on pages 18 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 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.

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.

CORPORATE GOVERNANCE

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 Director 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)

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 their employment.

Each Director shall retire 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 26 April 2022 are disclosed in the "Additional Information on Directors Seeking Re-election" of this Corporate Governance Report.

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

CORPORATE GOVERNANCE

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.

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	-	• 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 • Global Gallant Limited • Marine Pearl Limited • N-Tech Services 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 • Techart (China) 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

[1] None of the above are listed companies

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] (cont'd)			• 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. • 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 • IP All Season Asian Credit Fund • IP Asian Opportunities Fund • Multivest Holdings Limited • Multiland Pacific Holdings Limited • Openform Properties Limited • OpenRoad Auto Group Limited • OpenRoad China Holdings Limited • FT Realty Inc. • Leading Venture Limited • O Club Holdings Limited • Octo Holdings Limited • Octo Magistra Limited • Octo Property Limited • MFT Holdings Limited (f.k.a. as Super Splash Investment Limited)	

[1] None of the above are listed companies

CORPORATE GOVERNANCE

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 Michael Cheung[1]	18 December 2015	-	• 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 • Global Gallant Limited • N-Tech Services Limited • Power Summit Corporation Limited • 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. • Techart (China) Limited • TCA International Limited • TCA Management Limited	Nil

[1] None of the above are listed companies

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 Henry Tan[2]	17 September 2021	-	• Nexia TS Pte Ltd • TSA Capital Pte Ltd • TSA Recruitment Consultants Pte Ltd • 2T Investment Holdings Pte Ltd • Nexia TS (Shanghai) Co. Ltd • Medallion Asset Management Pte Ltd • Nexia China Pte Ltd • Nexia TS Public Accounting Corporation • China New Town Development Co. Ltd (Listed) • Nexia TS Risk Advisory Pte. Ltd. • Nexia TS Tax Services Pte. Ltd. • Alpha Singapore • Nexia TS Technology Pte. Ltd. • Nexia TS Advisory Pte. Ltd. • The Methodist Church of Singapore • NTS Asia Advisory Sdn Bhd • NTS Myanmar Co. Ltd • Nanyang Business School (NBS) Dean's Alumni Advisory Board • BH Global Corporation Limited (Listed) • Asia Vets Holdings Ltd. (Listed) • Methodist Preschool Services Pte. Ltd. • Dyna-Mac Holdings Ltd. (Listed) • Penguin International Limited (Listed)	• Raffles Education Corporation Limited (Listed) • Yinda Infocomm Limited (Listed) • YHI International Limited (Listed)
Mr David Leow[2]	17 September 2021	-	• Mencast Holdings Ltd. (Listed) • MEC Asia Fund • CAP Management Limited • Chartered Accountants Australia and New Zealand (Singapore) Private Limited	• Arcturus Capital Limited
Mr Steven Petersohn[1]	17 September 2021	-	• Arch Capital Solutions Ltd.	• Watermill Advisors Limited

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:

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

CORPORATE GOVERNANCE

Name of Director	Mr Francis Tjia	Mr Michael Cheung
Date of appointment	18 December 2015	18 December 2015
Date of last re-appointment	N.A.	N.A.
Age	57	43
Country of principal residence	Hong Kong	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 Tjia's performance as an Executive Chairman and Chief Executive Officer of the Company	The Board has accepted the NC's recommendation, after taking into consideration of Mr Cheung's credentials, experience and overall contribution since he was appointed as an Executive Director and Chief Financial Officer of the Company
Whether appointment is executive, and if so, the area of responsibility	Executive. Responsible for overseeing the strategic planning and growth of the Group.	Executive. Responsible for overseeing the overall financial functions, corporate governance and corporate communications of the Group
Job title	Executive Chairman and Chief Executive Officer, Member of the Nominating Committee	Executive Director and Chief Financial Officer
Professional qualifications	• Bachelor's Degree in Economics • Master of Business Administration • Master of Arts in Economics	• Bachelor of Commerce in Accounting • Master of Business Administration
Working experience and occupation(s) during the past 10 years	• July 2009 to Present - Trans-China Automotive Holdings Limited - Executive Chairman and (since 2018) CEO • June 2000 to Present - OpenRoad Auto Group Limited, Canada - Non-Executive Director • June 1993 to December 2018 - Income Partner Asset Management, Hong Kong Founding Partner and Chief Executive Officer	• April 2013 to Present - TCA Group - Chief Financial Officer • 2010 to 2013 - Zongshen PEM Power System Inc. - Chief Financial Officer and Corporate Secretary
Shareholding interest in the listed issuer and its subsidiaries	455,342,750 shares (deemed interest in 116,685,470 shares in Octo Holdings Limited) and (deemed interest in 338,657,280 shares in TCA International Limited)	20,909,000 shares (direct interest)

	Mr David Leow	Mr Henry Tan	Mr Steven Petersohn
	17 September 2021	17 September 2021	17 September 2021
	N.A.	N.A.	N.A.
	52	58	65
	Singapore	Singapore	Hong Kong
	The Board has accepted the NC's recommendation, who has reviewed and considered Mr Leow's performance as a Non-Executive Director and Lead Independent Director of the Company	The Board has accepted the NC's recommendation, after taking into consideration of Mr Tan's credentials, experience and overall contribution since he was appointed as a Non-Executive Director and Independent Director of the Company	The Board has accepted the NC's recommendation, who has reviewed and considered Mr Petersohn's performance as a Non-Executive Director and Independent Director of the Company
	Non-Executive	Non-Executive	Non-Executive
	Lead Independent Director, Chairman of the Nominating Committee, and Member of the Audit and Risk Committee and Remuneration Committee	Independent Director, Chairman of the Audit and Risk Committee, and Member of the Remuneration Committee and Nominating Committee	Independent Director, Chairman of the Remuneration Committee, and Member of the Audit and Risk Committee and Nominating Committee
	• Bachelor of Commerce • Owner/President Management programme	• Bachelor of Accountancy (First Class Honours) • Advanced Executive Management Development Programme • ASEAN Chartered Professional Accountant (ASEAN CPA)	• Degree of Bachelor of Arts
	• November 2020 to Present- Bitapple Singapore Pte. Ltd. – Chief Executive Officer • December 2019 to Present- CAP Management Limited - Non-Executive Director • April 2018 to Present- Chartered Accountants Australia and New Zealand (Singapore) Private Limited - Director • October 2014 to Present - MEC Asia Fund - Non-Executive Director • June 2013 to Present - Mencast Holdings Ltd. - Independent Director • June 2012 to Present - Thaler Group Managing Director • September 2009 to Present - Ufinity Group - Chief Financial Officer	• 1993 to Present - Nexia TS Group - Group Chief Executive Officer and Chief Innovation Officer	• July 2011 to December 2016 - Watermill Advisors Limited
	Nil	Nil	350,000 shares (direct interest)

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Name of Director	Mr Francis Tjia	Mr Michael Cheung
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	**Other Principal Commitment:** OpenRoad Auto Group – Non-Executive Director **Present Directorship:** • 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 • Global Gallant Limited • Marine Pearl Limited • N-Tech Services 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 • Techart (China) 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.	**Other Principal Commitment:** Nil **Present Directorship:** • 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 • Global Gallant Limited • N-Tech Services Limited • Power Summit Corporation Limited • 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. • Techart (China) Limited • TCA International Limited • TCA Management Limited **Past Directorship (for the past 5 years):** • Nil

Mr David Leow	Mr Henry Tan	Mr Steven Petersohn
Nil	Nil	Nil
Nil	Nil	Nil
Yes	Yes	Yes
Other Principal Commitment: • Thaler Group – Managing Director • Ufinity Group – Chief Financial Officer • Bitapple Singapore Pte Ltd – Chief Executive Officer **Present Directorship**: • Mencast Holdings Ltd. • MEC Asia Fund • CAP Management Limited • Chartered Accountants Australia & New Zealand (Singapore) Private Limited **Past Directorship (for the past 5 years):** • Arcturus Capital Limited	**Other Principal Commitment:** • Nexia TS Group – Group Chief Executive Officer & Chief Innovation Officer **Present Directorship:** • Nexia TS Pte Ltd • TSA Capital Pte Ltd • TSA Recruitment Consultants Pte Ltd • 2T Investment Holdings Pte Ltd • Nexia TS (Shanghai) Co. Ltd • Medallion Asset Management Pte Ltd • Nexia China Pte Ltd • Nexia TS Public Accounting Corporation • China New Town Development Co. Ltd • Nexia TS Risk Advisory Pte. Ltd. • Nexia TS Tax Services Pte. Ltd. • Alpha Singapore • Nexia TS Technology Pte. Ltd. • Nexia TS Advisory Pte. Ltd. • The Methodist Church of Singapore • NTS Asia Advisory Sdn Bhd • NTS Myanmar Co. Ltd • Nanyang Business School (NBS) Dean's Alumni Advisory Board • BH Global Corporation Limited • Asia Vets Holdings Ltd. • Methodist Preschool Services Pte. Ltd. • Dyna-Mac Holdings Ltd. • Penguin International Limited	**Other Principal Commitment:** • Arch Capital Solutions – Executive Director **Present Directorship:** • Arch Capital Solutions Ltd. **Past Directorship (for the past 5 years):** • Watermill Advisors Limited

CORPORATE GOVERNANCE

Name of Director	Mr Francis Tjia	Mr Michael Cheung
Other Principal Commitments Including Directorships (cont'd)	• Guangzhou Changbao Automobile Sales and Services Co., Ltd. • 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. • 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 • IP All Season Asian Credit Fund • IP Asian Opportunities Fund • Multiland Pacific Holdings Limited • Multivest Holdings Limited • Openform Properties Limited • OpenRoad Auto Group Limited • OpenRoad China Holdings Limited • FT Realty Inc. • Leading Venture Limited • O Club Holdings Limited • Octo Holdings Limited • Octo Magistra Limited • Octo Property Limited • MFT Holdings Limited (f.k.a. as Super Splash Investment Limited) **Past Directorship (for the past 5 years):** • 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	

Mr David Leow	Mr Henry Tan	Mr Steven Petersohn
	Past Directorship (for the past 5 years): • Raffles Education Corporation Limited • Yinda Infocomm Limited • Wesley Vineyard Childcare Ltd • YHI International Limited	

CORPORATE GOVERNANCE

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

(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?
(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?
(c)	Whether there is any unsatisfied judgment against him?
(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?
	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?
(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?
(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?
(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?
(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?
(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?
(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 (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 (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 (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?
(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?

	Mr Francis Tjia	Mr Michael Cheung	Mr David Leow	Mr Henry Tan	Mr Steven Petersohn
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No
	No	No	No	No	No

CORPORATE GOVERNANCE

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 & 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 FY2021. 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 25 February 2022 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 FY2021, 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.

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;

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.

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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 FY2021.

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.

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**") will take effect from the Listing Date and shall continue for a period of three (3) years ("**Initial Term**") 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 Director 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.

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 the CFO of the Group for FY2021, are disclosed below.

Board	Remuneration Band[1]	Salary	Bonus / Commissions	Benefits in Kind	Directors' Fees[2]	Total
Mr Francis Tjia	C	96.61%	2.84%	0.55%	-	100%
Mr Michael Cheung	D	50.17%	49.43%	0.41%	-	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 only two (2) Key Management Personnel who is not a Director or the CEO during FY2021. The details of the remuneration (in percentage terms) of Key Management Personnel of the Group (who are not Director or the CEO) for FY2021 are as follows:

Key Management Personnel	Remuneration Band[1]	Salary	Bonus / Commissions	Benefits in Kind	Total
Mr Roger Chan	C	78.48%	20.99%	0.53%	100%
Mr Raymond Woo	C	77.38%	21.32%	1.30%	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.

[2] Directors' fees were pro-rated for FY2021.

CORPORATE GOVERNANCE

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 FY2021.

There is no employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S$100,000 for FY2021.

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 the "TCA Employee Share Option Scheme" which was approved by the shareholders on 17 September 2021.

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 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 Employee Share Option Scheme must not be involved in its deliberation in respect of the Option granted or to be granted to him.

The details of the 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.

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.

The Board and the ARC have made reference to the external audit reports submitted by the external auditors for FY2021. 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 FY2021.

Following the listing on Catalist Board of the SGX-ST, the ARC and Board acknowledge the need of establish the internal audit function and is currently looking to appoint the 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.

The ARC and the Board also review the effectiveness of the actions taken by the Management on the recommendations made by the external auditors in this respect. The ARC, with the participation of the Board, has reviewed the adequacy and effectiveness of the Group's internal controls that address financial, operational, compliance and information technology risks and risk management systems for the type and volume of business that the Group currently operates.

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 FY2021, 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 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 2021 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.

The Board and the AC of the Company held the view that the review of the Group's risk management and internal controls systems could be subsumed under ARC.

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)

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.

CORPORATE GOVERNANCE

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 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 any formal 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 financial 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;

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 (please refer to the sections entitled "Interested Person Transactions – Guidelines and Review Procedures for Ongoing and Future Interested Person Transactions" and "Interested Person Transactions – Potential Conflicts of Interest" of this Offer Document for further details);

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 Audit and Risk Committee;

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;

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.

CORPORATE GOVERNANCE

In preparation for listing, the Company engaged RSM Risk Advisory Pte. Ltd. as internal auditors and held discussions on internal controls. Following the listing, the Company was in the process of sourcing for a suitable internal auditors 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.

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 FY2021.

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 Company has paid the following aggregate amount of fees to Messrs PricewaterhouseCoopers LLP and its network firm, collectively the external auditors, for services rendered in for the financial year ended 31 December 2021:

Services	Amount (HK$)
Audit service	2,750.000
Non-audit service – Audit of financial statements in connection with the listing of the Company	3,000.000
Total	5,750.000

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 2021. 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.

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 FY2021.

ARC had 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 FY2021 and is of the opinion that Chapter 9 of the Catalist Rules has been complied with.

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 attend the ARC meetings quarterly, 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 Shareholders

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.***

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 practise 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 (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.

CORPORATE GOVERNANCE

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.

In view of the current COVID-19 situation and the Company's efforts to minimise physical interactions and the transmission risk to a minimum, the forthcoming AGM of the Company to be held in respect of FY2021 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 Chairman of the AGM as 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 in accordance with the guidance on the conduct of general meetings amid current COVID-19 situation issued by Accounting and Corporate Regulatory Authority, Monetary Authority of Singapore and Singapore Exchange Regulation. Such minutes are also available to shareholders on its corporate website as soon as practicable.

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.

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 RMB0.0257 per ordinary share to be paid in cash or others.

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 which will be published on SGXNET by May 2022.

ADDITIONAL INFORMATION

MATERIAL CONTRACTS

There were no material contracts entered into by the Group involving the interests of 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 FY2021:

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[1]	RMB35,680,000	Not applicable
Minsheng Dongdu Automobile Trading Shenzhen Co. Ltd	Indirect subsidiary of controlling shareholder[1]	RMB20,454,000	Not applicable

DEALING IN SECURITIES

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

(a) The Company had devised and adopted its own internal compliance code to provide guidance to its officers with regards to dealings 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.

[1] These amounts relate to the settlement of previous transactions and fund transfers made by the Group at the relevant spot exchange rates to TCA International Limited and Minsheng Dongdu Automobile Trading Shenzhen Co. Ltd.

CORPORATE GOVERNANCE

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, the Company utilised the IPO Proceeds as follows:

	Allocation of IPO Proceeds (as disclosed in the Offer Document) S$'000	Amount utilized as at the date of this annual report S$'000	Balance as at the date of this annual report S$'000
Increasing the number of our dealerships, showrooms and service centres in cities where we have existing operations, namely in Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan	11,000	–	11,000
Expanding our business through growing our dealership network to new regions, diversifying to other premium and ultra-premium automobile brands, and expanding and diversifying into complementary businesses	3,000	3,000[1]	–
General working capital purposes	2,311	2,311[2]	–
Total	**16,311**	**5,311**	**11,000**

The Group has the balance of S$11,000,000 of the unutilised IPO Proceeds allocated to increase the number of the dealerships, showrooms and service centres in cities where the Group has existing operations.

NON-SPONSOR FEES

The Company was listed on the Catalist Board of the SGX-ST on 11 November 2021, and RHT Capital Pte. Ltd. ("**RHT Capital**") was the Full Sponsor and Issue Manager of the Company in respect of the listing. Pursuant to the listing, Full Sponsor and Issue Manager fees of S$470,000 (excluding GST) were paid in FY2021. Save as disclosed above, with reference to Rule 1204(21) of the Catalist Rules, no non-sponsor fees were paid to the Company's Sponsor, RHT Capital, for FY2021.

1 S$3,000,000 was utilised for payment to contractors and suppliers relating to the construction of the Group's Genesis dealership in Guangzhou; and
2 S$2,311,000 was allocated for general working capital which was used to payment of spare parts inventory.

FINANCIAL CONTENTS

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 2021 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 ("IFRS").

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 2021;
- the consolidated statement of financial position of the Group as at 31 December 2021;
- the statement of financial position of the Company as at 31 December 2021;
- 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 consolidated 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.

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 2021. 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 2.25 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. As at 31 December 2021, the Group has vendor rebates receivable of approximately RMB126,471,000 (2020: RMB134,634,000), 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.	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; • 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 the available evidence.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED (CONTINUED)

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.

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.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED (CONTINUED)

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

- 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.

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, 8 April 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Revenue	21	**4,515,662**	4,213,990
Cost of sales	24	**(4,144,098)**	(3,897,841)
Gross profit		**371,564**	316,149
Other income	22	**99,500**	86,597
Other gains, net	23	**11,040**	5,346
Selling expenses	24	**(84,550)**	(98,918)
Administrative expenses	24	**(187,639)**	(143,646)
Reversal of provision for impairment of property, plant and equipment		**–**	29,701
Operating profit		**209,915**	195,229
Finance income		**1,485**	917
Finance costs		**(48,184)**	(59,426)
Finance costs, net	26	**(46,699)**	(58,509)
Profit before income tax		**163,216**	136,720
Income tax expense	27	**(39,253)**	(26,811)
Profit for the year		**123,963**	109,909
Other comprehensive profit:			
Items that may be reclassified to profit or loss:			
– Currency translation differences		**1,785**	22,281
Total comprehensive income for the year		**125,748**	132,190
Earnings per share attributable to owners of the Company			
Basic	29	**0.24**	0.24
Diluted	29	**0.24**	0.22

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	**184,305**	171,849
Right-of-use assets	6	**317,888**	328,733
Intangible assets	7	**79,716**	80,523
Deferred income tax assets	28	**5,371**	5,467
Prepayment	10	**–**	3,738
		587,280	590,310
Current assets			
Inventories	11	**330,916**	248,801
Trade and other receivables	9	**195,512**	183,153
Prepayments and deposits	10	**406,852**	408,486
Amount due from a fellow subsidiary	31(a)	**–**	20,454
Financial assets at fair value through profit or loss	13	**–**	2,502
Pledged bank deposits	12	**308,726**	149,537
Cash and cash equivalents	12	**153,324**	105,815
		1,395,330	1,118,748
Total assets		**1,982,610**	1,709,058
Equity attributable to the owners of the Company			
Share capital	14	**38,450**	330,175
Share premium	14	**81,719**	8,316
Reserves		**69,961**	(137,584)
Retained earnings/(accumulated losses)		**102,231**	(121,446)
Total equity		**292,361**	79,461

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2021 RMB'000	2020 RMB'000
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	18	**17,921**	186,133
Lease liabilities	6	**218,156**	219,414
Deferred income tax liabilities	28	**41,311**	41,264
Amount due to the immediate holding company	31(a)	**94,747**	133,937
		372,135	580,748
Current liabilities			
Trade and bills payable	16	**459,528**	389,064
Accruals and other payables	16	**55,464**	59,964
Contract liabilities	17	**182,986**	165,308
Bank and other borrowings	18	**582,337**	405,634
Lease liabilities	6	**16,197**	12,631
Current income tax liabilities		**21,602**	16,248
		1,318,114	1,048,849
Total liabilities		**1,690,249**	1,629,597
Total equity and liabilities		**1,982,610**	1,709,058

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

STATEMENT OF FINANCIAL POSITION

	Note	2021 RMB'000	2020 RMB'000
ASSETS			
Non-current assets			
Investment in subsidiaries	8	**–***	–*
Current assets			
Trade and other receivables	9	**1,055**	1,085
Prepayments and deposits	10	**63**	2,034
Amounts due from subsidiaries	31(a)	**199,082**	253,443
Cash and cash equivalents	12	**79,512**	23,769
		279,712	280,331
Total assets		**279,712**	280,331
Equity attributable to the owners of the Company			
Share capital	14	**38,450**	330,175
Share premium	14	**81,719**	8,316
Reserves		**(275,512)**	(472,668)
Retained earnings/(accumulated losses)		**49,838**	(116,884)
Total deficits		**(105,505)**	(251,061)
LIABILITIES			
Non-current liabilities			
Bank and other borrowings	18	**17,921**	155,350
Amount due to the immediate holding company	31(a)	**94,747**	133,937
		112,668	289,287
Current liabilities			
Accruals and other payables	16	**1,291**	2,475
Amounts due to subsidiaries	31(a)	**253,369**	178,958
Bank and other borrowings	18	**17,889**	60,672
		272,549	242,105
Total liabilities		**385,217**	531,392
Total deficits and liabilities		**279,712**	280,331

* Below RMB1,000

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve (Note (iii)) RMB'000	Exchange reserve RMB'000	Capital reserve (Note (i)) RMB'000	Share-based payment reserve (Note (ii)) RMB'000	Distributable reserve RMB'000	(Accumulated losses)/ retained earnings RMB'000	Total RMB'000
As at 1 January 2020	292,422	1,526	18,662	(15,865)	(171,630)	26,377	-	(225,940)	(74,448)
Comprehensive income									
Profit for the year	–	–	–	–	–	–	–	109,909	109,909
Other comprehensive income									
Currency translation differences	–	–	–	22,281	–	–	–	–	22,281
Total comprehensive income for the year	–	–	–	22,281	–	–	–	109,909	132,190
Transactions with owners									
Issuance of shares (Note 14)	20,266	1,453	–	–	–	–	–	–	21,719
Issuance of shares under share-based compensation scheme	17,487	5,337	–	–	–	(22,824)	–	–	–
Transfer to statutory reserve	–	–	5,415	–	–	–	–	(5,415)	–
Total transactions with owners	37,753	6,790	5,415	–	–	(22,824)	–	(5,415)	21,719
As at 31 December 2020	330,175	8,316	24,077	6,416	(171,630)	3,553	–	(121,446)	79,461

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company								
	Share capital RMB'000	Share premium RMB'000	Statutory reserve (Note (iii)) RMB'000	Exchange reserve RMB'000	Capital reserve (Note (i)) RMB'000	Share-based payment reserve (Note (ii)) 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
Transactions with owners									
Issuance of shares (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 transactions 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

Notes:

(i) The capital reserve represents the capital contributions from the equity holders of the Company, and the negative balance was resulted from the various steps set out in the reorganisation exercise in Note 1.2.

(ii) The share-based payment reserve represents the balance arising from the issuance of new shares under the share award scheme. The details are set out in Notes 14 and 15 to the consolidated financial statements.

(iii) 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").

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December 2021 RMB'000	2020 RMB'000
Cash flows from operating activities			
Cash generated from operations	30(a)	**263,752**	136,351
Income tax paid		**(33,755)**	(29,437)
Net cash generated from operating activities		**229,997**	106,914
Cash flows from investing activities			
Interest received		**1,485**	917
Purchases of property, plant and equipment	30(c)	**(50,896)**	(73,949)
Proceeds from disposal of property, plant and equipment	30(b)	**23,600**	38,580
Proceeds from disposal of/(payment for) financial assets at fair value through profit or loss		**2,502**	(2,500)
Net cash used in investing activities		**(23,309)**	(36,952)
Cash flows from financing activities			
Proceeds from issuance of shares		**92,323**	21,719
Interest paid		**(48,184)**	(60,325)
Proceeds from bank and other borrowings	30(d)	**3,555,682**	2,671,821
Repayment of bank and other borrowings	30(d)	**(3,544,149)**	(2,627,048)
Principal elements of lease payments		**(13,565)**	(11,258)
(Increase)/decrease of pledged bank deposit		**(159,189)**	14,334
Repayment to the immediate holding company	30(d)	**(36,215)**	(46,706)
Settlement of convertible notes	30(d)	**–**	(13,909)
Listing expenses paid (equity portion)		**(3,137)**	(344)
Net cash used in financing activities		**(156,434)**	(51,716)
Net increase in cash and cash equivalents		**50,254**	18,246
Cash and cash equivalents			
At beginning of the financial year		**105,815**	88,563
Effect of translation of cash and cash equivalents		**(2,745)**	(994)
At end of the financial year	12	**153,324**	105,815

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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”) (the “Listing Business”), 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 on 11 November 2021 (“the Listing”).

The consolidated financial statements are presented in Renminbi (“RMB”) and rounded to the nearest thousand (“RMB’000”), unless otherwise stated.

1.2 Reorganisation exercise

In preparation for the listing of the Company’s shares on the Catalist Board of the Singapore Exchange Securities Trading Limited, the Group underwent a series of acquisitions and the rationalisation of the corporate structure as described below.

On 18 December 2015, the Company was incorporated in the Cayman Islands by TCA International Limited (“TCAI”) under the Cayman Islands Companies Act as a limited liability exempted company. As a result, the Company became wholly-owned by TCAI.

Following the incorporation of the Company, Marine Pearl Limited allotted and issued one share, representing 100% of its issued and paid-up share capital, to the Company on 18 December 2015. As a result, Marine Pearl Limited became wholly-owned by the Company.

On 17 August 2016, TCAH (BVI) Limited was incorporated in the British Virgin Islands (“BVI”) under the BVI Companies Act as a company limited by shares. On 29 August 2016, TCAH (BVI) Limited allotted and issued 1 share, representing 100% of its issued and paid-up share capital to the Company. As a result, TCAH (BVI) Limited became wholly-owned by the Company.

On 5 September 2016, TCAH (BVI) Limited acquired all issued and paid-up capital of TCA Foshan (BVI) Limited, TCA Shenzhen (BVI) Limited, TCA Guangzhou (BVI) Limited and TCA Chongqing (BVI) Limited from TCAI, following which TCAH (BVI) Limited became the intermediate holding company and sole shareholder of each of TCA Foshan (BVI) Limited, TCA Shenzhen (BVI) Limited, TCA Guangzhou (BVI) Limited and the TCA Chongqing (BVI) Limited.

On 12 September 2016, pursuant to a shareholder’s agreement, Marine Pearl Limited acquired 100% of the issued and paid-up share capital of Landwealth Holdings Limited. Marine Pearl Limited held 100% of the issued and paid-up capital of Landwealth Holdings Limited.

On 14 September 2016, Trans-China Automotive Holdings (FS) Limited, TCA Holdings HK Limited, Focus Win (Guangzhou) Limited and Focus Win (Chongqing) Limited, entities conducting the automobile dealerships business in the PRC, were acquired from TCAI by TCA Foshan (BVI) Limited, TCA Shenzhen (BVI) Limited, TCA Guangzhou (BVI) Limited and TCA Chongqing (BVI) Limited, respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 GENERAL INFORMATION (CONTINUED)

1.2 Reorganisation exercise (Continued)

On 31 December 2017, pursuant to a shareholder's agreement, the Company acquired 100% of the issued and paid-up share capital of Auto Winning Limited. Auto Winning Limited held 100% of the issued and paid-up capital of Bright Promise Limited.

On 30 September 2018, pursuant to a shareholder's agreement, Landwealth Holdings Limited, an indirect wholly-owned subsidiary of the Company, acquired the entire issued share capital of Red Star (Shenzhen) Limited and its subsidiary namely "創豐盛汽車管理服務 (深圳)有限公司" (together, the "Red Star Group") from Star Investments Holdings Limited, an indirect wholly-owned subsidiary of TCAI, at total cash consideration of Hong Kong dollars ("HK$") 100.

On 30 September 2019, pursuant to a shareholder's agreement, Auto Winning Limited, a direct wholly-owned subsidiary of the Company, acquired the entire issued share capital of N-Tech Services Limited and its subsidiary namely "深圳市祺烽汽車銷售服務有限公司" (together, the "N-Tech Group") from Red Star Holdings (HK) Limited, an indirect wholly-owned subsidiary of TCAI, at total cash consideration of HK$1.

On 31 December 2020, pursuant to a shareholder's agreement, 耀驊汽車管理服務(深圳)有限 公司 (formerly known as 創豐盛汽車管理服務(深圳)有限公司), an indirect wholly-owned subsidiary of the Company, acquired the entire issued share capital of 廣東創豐盛融資租賃有 限公司("GDFW") from Red Star Holdings (HK) Limited, an indirect wholly-owned subsidiary of TCAI, at total cash consideration of HK$1.

Since the Company, the Red Star Group, the N-Tech Group and GDFW are ultimately controlled by the same controlling party, TCA Fund L.P., both before and after the abovementioned transactions, these transactions are regarded as business combinations under common control. Accordingly, these consolidated financial statements have been prepared using the principles of predecessor accounting. These consolidated financial statements include the financial positions, results and cash flows of the Red Star Group, the N-Tech Group and GDFW as if the current group structure had been in existence since the date when the Red Star Group, the N-Tech Group and GDFW first came under common control by TCA Fund L.P.

1.3 Basis of presentation

Immediately prior to and after the Reorganisation as set out in Note 1.2, the Listing Business is ultimately controlled by the same group of shareholders. The Listing Business is conducted through the subsidiaries of the Group. Pursuant to the Reorganisation, the subsidiaries now comprising the Group are transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and do not meet the definition of a business. The Reorganisation was merely a recapitalisation of the Listing Business with no change in management of such business and the ultimate owners of the Listing Business remain the same. Accordingly, the Group resulting from the Reorganisation is regarded as a continuation of the Listing Business under the subsidiaries now comprising the Group.

Inter-company transactions, balances and unrealised (losses)/gains on transactions between group companies are eliminated upon consolidation.

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.

As at 31 December 2021, the Company has net liabilities of RMB105,505,000 primarily resulted from the amounts due to the immediate holding company and subsidiaries arising from non-trade transactions. The consolidated financial statements are prepared on a going concern basis as the immediate holding company and subsidiaries have confirmed that they will not seek repayment of any amounts within the next twelve months.

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

Interpretations and amendments to published standards effective in 2021

On 1 January 2021, the Group has adopted the new or amended FRS that are mandatory for application for the financial year. Changes to the Group's accounting policies have been made as required in accordance with the transitional provisions in the respective FRS.

The adoption of these new or amended FRS did not result in substantial changes to the Group's accounting policies and had no material effect on the amounts reported for the current or prior financial years.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.1 Basis of preparation (Continued)

New interpretations and amendments to published standards not yet adopted by the Group

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 2021 and have not been early adopted by the Group.

		Effective for annual periods beginning on or after
IFRS 16 (Amendments)	Covid-19 – Related Rent Concessions beyond 30 June 2021	1 April 2021
Annual Improvements Project (Amendments)	Annual Improvements to IFRSs 2018-2020 (amendments)	1 January 2022
IFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
IAS 16 (Amendments)	Proceeds before Intended Use	1 January 2022
IAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
IAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
IAS 1 and IFRS Practice Statement 2 (Amendments)	Disclosure of Accounting Policies	1 January 2023
IAS 8 (Amendments)	Definition of Accounting Estimates	1 January 2023
IAS 12 (Amendments)	Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023
IFRS 17 (Amendments)	Insurance Contracts	1 January 2023
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 combined 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 comprehensive income, consolidated statement of changes in equity and consolidated statement of financial position.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.3 Business combinations

Except for the Reorganisation exercise set out in Note 1.2, 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

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 and presentation 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$").

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 33⅓%
Automobiles	20% to 33⅓%

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.8 Intangible assets (Continued)

(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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.10 Investments and other financial assets (Continued)

(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.

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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.11 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.

2.12 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.

2.13 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.

2.14 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.

2.15 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.

2.16 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.17 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.

2.18 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.19 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.

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure (e.g. the Research and Development Tax Incentive regime in Oneland or other investment allowances). The group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred income tax assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.20 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.

The 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.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.21 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.

2.22 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.23 Revenue and income recognition

(a) Sales of automobiles

Revenue is 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.

2.24 Interest income

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.25 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. Such incentive rebates are recognised on an accrued basis based on the expected entitlement earned up to the reporting date pursuant to the relevant contracts with vendors.

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.

2.26 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.

2.27 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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2.27 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.

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 2021, 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 RMB714,000 (2020: RMB837,000) 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

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:

- 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 subsidiary companies is low.

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.

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

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.

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.

During the years ended 31 December 2021 and 2020, 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.

(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 2021 and 2020, 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

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 2020					
Trade and bills payable, accruals and other payables (excluding salaries payables and other taxes payables)	411,963	–	–	–	411,963
Borrowings including accrued interests	411,690	211,983	–	–	623,673
Lease liabilities	29,001	24,412	90,149	229,929	373,491
Amount due to the immediate holding company	–	133,937	–	–	133,937
	852,654	370,332	90,149	229,929	1,543,064
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**

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 Financial risk management (Continued)

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 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
As at 31 December 2020				
Financial assets				
Financial assets at FVPL				
– Marketable securities (Note 13)	2,502	–	–	2,502
As at 31 December 2021				
Financial assets				
Financial assets at FVPL				
– Marketable securities (Note 13)	–	–	–	–

There were no transfers between levels 1, 2 and 3 for recurring fair value measurements during the year.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3 FINANCIAL RISK MANAGEMENT (CONTINUED)

3.3 Fair value estimation – financial assets and financial liabilities (Continued)

(b) Fair value measurements using significant unobservable inputs (level 3)

The following table presents the changes in level 3 instruments for the year ended 31 December 2021:

	Convertible notes	
	2021 RMB'000	2020 RMB'000
Opening balance	–	24,701
Fair value changes recognised in profit or loss	–	(1,670)
Interest paid	–	(899)
Redemption of convertible notes	–	(13,909)
Exchange realignment	–	(550)
Derecognition of convertible notes	–	(7,673)
Closing balance	–	–

(c) Fair value measurements

The fair values of the Group's financial liabilities at 31 December 2021 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 19 respectively to the consolidated financial statements.

3.4 Financial instruments by category

	2021 RMB'000	2020 RMB'000
Financial assets		
Financial assets at amortised cost:		
Trade and other receivables (Note 9)	**195,512**	183,153
Deposits	**7,993**	69,735
Amount due from a fellow subsidiary (Note 31(a))	**–**	20,454
Pledged bank deposits (Note 12)	**308,726**	149,537
Cash and cash equivalents (Note 12)	**153,324**	105,815
	665,555	528,694
Financial assets at fair values through profit or loss (Note 13)	**–**	2,502
Total financial assets	**665,555**	531,196
Financial liabilities		
Financial liabilities at amortised costs:		
Trade and bills payable, accruals and other payables (excluding salaries payables and other tax payables)	**481,530**	411,963
Bank and other borrowings (Note 18)	**600,258**	591,767
Amount due to the immediate holding company (Note 31(a))	**94,747**	133,937
Lease liabilities (Note 6)	**234,353**	232,045
Total financial liabilities	**1,410,888**	1,369,712

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.

(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) Fair value of convertible notes

The fair value of the convertible notes as at 31 December 2020 requires the Group to estimate the prominent factors affecting the fair value, including but not limited to, the expected life of the convertible notes, volatility and discount rate. Where the estimation on these factors is different from those previously estimated, such differences will impact the fair value of warrant in the period in which such determination is made. The convertible notes of the Group have been derecognised during the year ended 31 December 2021 and refer to Note 19 for more details.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	Automobiles RMB'000	Total RMB'000
Year ended 31 December 2020						
Opening net book amount	183	79,188	8,959	4,876	35,892	129,098
Additions	12,037	2,639	1,985	5,793	47,757	70,211
Disposals	(183)	(1,611)	(205)	(397)	(32,448)	(34,844)
Depreciation (Note 24)	–	(10,392)	(2,412)	(1,367)	(8,146)	(22,317)
Impairment reversal	–	29,701	–	–	–	29,701
Transfer	(482)	482	–	–	–	–
Closing net book amount	11,555	100,007	8,327	8,905	43,055	171,849
At 31 December 2020						
Cost	11,555	198,216	45,290	34,056	107,790	396,907
Accumulated depreciation and impairment	–	(98,209)	(36,963)	(25,151)	(64,735)	(225,058)
Net book amount	11,555	100,007	8,327	8,905	43,055	171,849
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**

For the year ended 31 December 2021, depreciation expense of approximately RMB17,800,000 (2020: RMB18,570,000) and RMB5,551,000 (2020: RMB3,747,000) has been charged to "Selling expenses" and "Administrative expenses" in the consolidated statement of comprehensive income respectively.

As at 31 December 2021, property, plant and equipment of RMB180,000,000 (2020: RMB1,609,000) was used as security to certain short-term borrowings of the Group (Note 18).

5 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Property, plant and equipment are tested for impairment as described in Note 2.9.

A provision for impairment of the property, plant and equipment was made previously for a cash generating unit ("CGU") of the Group as its recoverable amount was below its carrying value. The financial performance of the CGU started to turnaround from loss to profit and the profit level continued to improve during the year ended 31 December 2020. As such, based on a valuation performed by AVISTA Group, an independent professionally qualified valuer, the provision for impairment of RMB29,701,000 previously provided for was reversed in the profit or loss during the year ended 31 December 2020.

The valuation was based on a pre-tax cash flow projection based on five-year financial budget approved by management using the estimated growth rate of the CGU. The pre-tax discount rate applied to the cash flow projections was 13% and management considered it reflected the specific risks relating to the CGU.

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:

	2021 RMB'000	2020 RMB'000
Right-of-use asset		
Land use rights	**116,294**	121,661
Buildings	**201,322**	206,679
Automobiles	**272**	393
	317,888	328,733
Lease liabilities		
Current	**16,197**	12,631
Non-current	**218,156**	219,414
	234,353	232,045

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

Additions to the right-of-use assets during the year ended 31 December 2021 are RMB16,043,000 (2020: RMB101,004,000).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

	2021 RMB'000	2020 RMB'000
Depreciation charge of right-of-use assets		
Land use rights	**5,291**	5,291
Buildings	**21,295**	16,066
Automobiles	**104**	145
	26,690	21,502
Interest expense (included in finance cost)		
Buildings	**15,649**	10,800
Automobiles	**10**	15
	15,659	10,815

(a) The total cash outflow for leases for the year ended 31 December 2021 has amounted to RMB33,129,000 (2020: RMB28,532,000).

(b) For the year ended and as at 31 December 2021, no short-term borrowings are secured by right-of-use assets (2020: Nil).

(c) For the year ended 31 December 2021, depreciation expense of right-of-use assets of approximately RMB18,682,000 (2020: RMB15,051,000) and RMB8,007,000 (2020: RMB6,451,0000) 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 2021, lease payments for short-term lease have amounted to RMB3,905,000 (2020: RMB4,335,000).

7 INTANGIBLE ASSETS

	Goodwill BMW 4S dealership business RMB'000	Goodwill McLaren 4S dealership business RMB'000	Dealership rights RMB'000	Total RMB'000
At 1 January 2020				
Cost	48,750	4,172	32,443	85,365
Accumulated amortisation and impairment	–	–	(4,035)	(4,035)
Net book amount	48,750	4,172	28,408	81,330
Year ended 31 December 2020				
Opening net book amount	48,750	4,172	28,408	81,330
Amortisation (Note 24)	–	–	(807)	(807)
Closing net book amount	48,750	4,172	27,601	80,523
At 31 December 2020				
Cost	48,750	4,172	32,443	85,365
Accumulated amortisation and impairment	–	–	(4,842)	(4,842)
Net book amount	48,750	4,172	27,601	80,523
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**

For the year ended 31 December 2021, amortisation expense of approximately RMB565,000 (2020: RMB565,000) and RMB242,000 (2020: 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

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

	2021	2020
Revenue growth rate	**3.0% to 15.4%**	8.0% to 10.3%
Pre-tax discount rate	**14.0%**	15.4%
Terminal growth rate	**3.0%**	3.0%

Based on the impairment assessment performed by management, the estimated recoverable amount of the goodwill attributable to the BMW 4S dealership business is significantly higher than its carrying amount. 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

	2021	2020
Revenue growth rate	**3.0% to 38.5%**	10.0% to 29.2%
Discount rate	**14.0%**	15.4%
Terminal growth rate	**3.0%**	3.0%

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:

	2021 RMB'000	2020 RMB'000
Revenue growth rate decreased by 5%	**2,116**	3,562
Pre-tax discount rate increased by 10%	**3,828**	10,039

There was no provision for impairment of intangible assets made during the years ended 31 December 2021 and 2020.

8 INVESTMENT IN SUBSIDIARIES

The Group has the following subsidiaries:

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2021	2020
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 automobile repair and maintenance services	**100%#**	100%#
TCA Holdings (HK) Limited	Hong Kong	HK$126,856,939	Investment holding	**100%#**	100%#

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2021	2020
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 automobile repair and maintenance services	**100%#**	100%#
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%#**	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 automobile 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 automobile 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%#
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 automobile repair and maintenance services	**100%#**	100%#

8 INVESTMENT IN SUBSIDIARIES (CONTINUED)

Name*	Place of incorporation/ registration	Particulars of paid-up capital	Principal activities	Effective interest held as at 31 December 2021	2020
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 automobile repair and maintenance services	**100%#**	100%#
廣州市銳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 automobile repair and maintenance services	**100%#**	100%#
武漢市銳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 automobile repair and maintenance services	**100%#**	100%#
福州市創興盛汽車銷售服務有限公司 Fuzhou Bright Focus Automobile Sales and Services Co., Ltd.	PRC	RMB1,000,000	Sale of automobiles and accessories, and provision of automobile repair and maintenance services	**–#&**	–#&
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	RMB30,000,000	Providing management services to group entities	**100%#**	100%#
N-Tech Services Limited	Hong Kong	HK$1,000,000	Investment holding	**100%#**	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 automobile 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%#

* Audited by PricewaterhouseCoopers Hong Kong for consolidation purposes.

\# Interest held indirectly

& Deregistered on 28 August 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9 TRADE AND OTHER RECEIVABLES

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

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Trade receivables	**8,998**	5,345	**–**	–
Vendor rebates receivable	**126,471**	134,634	**–**	–
Value-added tax ("VAT") receivables	**17,403**	4,325	**–**	–
Handling and commission fee and insurance commission receivable	**13,530**	18,375	**–**	–
Mortgage commission fee receivable	**3,940**	1,839	**–**	–
Indemnity provided by manufacturers for repair and maintenance costs incurred	**13,931**	12,387	**–**	–
Other receivables	**11,239**	6,248	**1,055**	1,085
	195,512	183,153	**1,055**	1,085

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 years ended 31 December 2021 and 2020, the expected credit losses for customers of sales of goods is minimal and the expected credit loss rate approximate to zero. No provision for impairment of trade receivables has been made throughout the years ended 31 December 2021 and 2020.

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

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

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
RMB	**194,457**	182,068	**–**	–
US$	**1,055**	1,085	**1,055**	1,085
	195,512	183,153	**1,055**	1,085

10 PREPAYMENTS AND DEPOSITS

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Current				
Prepayments to manufacturers	**367,145**	327,777	**–**	–
Security deposits for other borrowings from manufacturers	**21,648**	63,504	**–**	–
Prepaid listing expenses	**–**	2,034	**–**	2,034
Other prepayments and deposits	**18,059**	15,171	**63**	–
	406,852	408,486	**63**	2,034
Non-current				
Prepayments for property, plant and equipment	**–**	3,738	**–**	–
Total prepayments and deposits	**406,852**	412,224	**63**	2,034

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

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

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
RMB	**405,993**	388,292	**–**	–
HK$	**736**	21,898	**–**	–
US$	**123**	2,034	**63**	2,034
	406,852	412,224	**63**	2,034

11 INVENTORIES

	2021 RMB'000	2020 RMB'000
Automobiles	**282,732**	206,647
Spare parts	**53,302**	46,031
	336,034	252,678
Provision for inventories	**(5,118)**	(3,877)
	330,916	248,801

Inventories represent automobiles and motor spare parts. During the year ended 31 December 2021, the cost of inventories recognised as an expense and included as "cost of sales" in the consolidated statement of comprehensive income amounted to approximately RMB4,111,633,000 (2020: RMB3,874,031,000) (Note 24).

As at 31 December 2021 and 2020, borrowings from manufacturers are secured by floating charges applied on the automobiles held as inventories of the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

12 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Cash at banks	**153,106**	105,307	**79,512**	23,769
Cash on hand	**218**	508	**–**	–
Cash and cash equivalents	**153,324**	105,815	**79,512**	23,769
Pledged bank deposits	**308,726**	149,537	**–**	–
Total cash and cash equivalents and pledged bank deposits	**462,050**	255,352	**79,512**	23,769

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

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

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
RMB	**67,202**	80,951	**–**	–
Singapore Dollars ("SGD")	**71,958**	–	**71,958**	–
US$	**10,040**	24,159	**7,520**	23,732
HK$	**4,124**	705	**34**	37
	153,324	105,815	**79,512**	23,769

As at 31 December 2021, the Group has cash at banks amounting to approximately RMB59,316,000 held in the PRC (2020: RMB68,721,000). 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 unlisted securities investment. Details of the information about the methods and assumptions used in determining the fair value are disclosed in Note 3.3.

13 FINANCIAL ASSETS AT FVPL (CONTINUED)

Movement of the FVPL for the year ended 31 December 2021 are as follows:

	2021 RMB'000	2020 RMB'000
Balance at beginning of the financial year	**2,502**	–
Addition	**–**	2,500
Fair value changes recognised in profit or loss	**–**	2
Disposal	**(2,502)**	–
Balance at the end of the financial year	**–**	2,502

14 SHARE CAPITAL

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

Notes:

a During the year ended 31 December 2020, the Company issued 2,959,262 ordinary shares at a total consideration of US$2,959,262 (equivalent to approximately RMB21,719,000) to its shareholders.

b 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.

c 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15 SHARE-BASED PAYMENTS

(a) 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) has been recycled back to the retained earnings of the Company.

(b) Fair value of award shares granted

The Company applied IFRS 2 to account for the equity compensation expenses of the share awards granted to the designated employees at grant date fair value in the consolidated financial statements. The fair value of share awards granted under the scheme is determined using the fair value of the ordinary shares of the Company at the date of grant using the discounted cash flow method.

16 TRADE AND BILLS PAYABLE, ACCRUALS AND OTHER PAYABLES

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Trade payables	**36,076**	58,419	**–**	–
Bills payable	**423,452**	330,645	**–**	–
Salaries payables	**19,284**	21,214	**–**	–
VAT payable	**6,826**	12,649	**–**	–
Other tax payables	**2,907**	3,202	**–**	–
Accrued listing expenses	**1,279**	2,475	**1,279**	2,475
Other accruals and payables	**25,168**	20,424	**12**	–
	514,992	449,028	**1,291**	2,475

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

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

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

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
RMB	**513,619**	447,110	**–**	2,475
US$	**1,291**	–	**1,291**	–
HK$	**82**	1,918	**–**	–
	514,992	449,028	**1,291**	2,475

17 CONTRACT LIABILITIES

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

	2021 RMB'000	2020 RMB'000
Deposit from customers	**173,098**	155,388
Unused cash coupon	**9,888**	9,920
	182,986	165,308

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:

	2021 RMB'000	2020 RMB'000
Revenue recognised in relation to contract liabilities at 1 January	**156,382**	166,057

Unsatisfied performance obligation

As at 31 December 2021, the aggregate amount of the transaction price allocated to the remaining performance obligation is approximately RMB182,986,000 (2020: RMB165,308,000) and the Group expects to recognise such revenue over the next 1 to 2 years (2020: 1 to 2 years).

18 BANK AND OTHER BORROWINGS

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Within 1 year	**270,389**	60,000	**307,310**	266,910	**4,638**	78,724
Between 1 to 2 years	**17,921**	–	**–**	–	**–**	186,133
	288,310	60,000	**307,310**	266,910	**4,638**	264,857

	Company					
	Bank borrowings		Borrowings from manufacturers		Other borrowings	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
Within 1 year	**17,889**	–	**–**	–	**–**	60,672
Between 1 to 2 years	**17,921**	–	**–**	–	**–**	155,350
	35,810	–	**–**	–	**–**	216,022

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

	Group		Company	
	2021 RMB'000	2020 RMB'000	2021 RMB'000	2020 RMB'000
RMB	**564,448**	375,745	**–**	–
US$	**35,810**	216,022	**35,810**	216,022
	600,258	591,767	**35,810**	216,022

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

	2021	2020
Bank borrowings	5.8%	6.7%
Borrowings from manufacturers	8.5%	8.5%
Other borrowings	6.9%	7.6%

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 2021 and 2020. Details of the Group's exposure to risks arising from non-current borrowings are set out in Note 3.1.

As at 31 December 2021 and 2020, 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.

18 BANK AND OTHER BORROWINGS (CONTINUED)

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

	2021 RMB'000	2020 RMB'000
Property, plant and equipment (Note 5)	**180,000**	1,609

As at 31 December 2021 and 2020, borrowings from manufactures are secured by floating charges applied on the automobiles held as inventories of the Group.

19 CONVERTIBLE NOTES

The Group monitors the convertible note on a fair value basis which is in accordance with its risk management strategy and does not bifurcate any feature from its debt host instrument and designates the entire hybrid contract as a financial liability at fair value through profit or loss ("FVPL") with the changes in the fair value recorded in consolidated statement of comprehensive income.

On 30 March 2017, the Company entered into a convertible note arrangement ("Convertible notes A"), pursuant to which the Company issued convertible notes at principal amount of approximately US$3,244,000 (equivalent to approximately RMB21,108,000), of which US$3,144,000 and US$100,000 were issued to third parties and senior management of the Group (collectively, the "Noteholders") respectively.

If the convertible notes are not converted at maturity, the Company shall redeem all notes at redemption price of US$115 per note upon maturity. On 30 March 2019, Convertible notes A matured and certain Noteholders redeemed their notes at principal amounts of US$250,000.

After such redemption, the remaining Convertible notes A of approximately US$2,994,081 (equivalent to approximately RMB20,097,000) was refinanced by issuing another convertible note that would mature on 30 March 2020 ("Convertible notes B").

On 30 March 2020, the Convertible notes B matured. Convertible notes B of US$2,193,000 have been redeemed during the year ended 31 December 2020.

The replacements of Convertible notes A and B resulted in a gain on derecognition of approximately RMB558,000 during the year ended 31 December 2020.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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.

21 REVENUE

	2021 RMB'000	2020 RMB'000
Sales of automobiles	**3,972,176**	3,703,958
After sales services	**543,486**	510,032
	4,515,662	4,213,990

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

22 OTHER INCOME

	2021 RMB'000	2020 RMB'000
Handling and commission fee income	**68,839**	48,541
Insurance rebate	**10,503**	14,429
Deposit forfeited by customers	**4,616**	18,159
Government grants	**1,922**	1,802
Pre-owned automobiles and fleet sale commissions	**8,579**	1,039
Others	**5,041**	2,627
	99,500	86,597

23 OTHER GAINS, NET

	2021 RMB'000	2020 RMB'000
Gain on disposals of property, plant and equipment	**4,773**	3,736
Exchange differences	**2,318**	389
Fair value changes and de-recognition of convertible notes	**–**	1,670
Waiver of payables to related parties	**4,092**	–
Others	**(143)**	(449)
	11,040	5,346

24 EXPENSES BY NATURE

	2021 RMB'000	2020 RMB'000
Cost of sales of automobiles and spare parts (Note 11)	**4,111,633**	3,874,031
Employee benefit expenses (including directors' emoluments) (Note 25)	**157,031**	136,463
Provision for/(reversal of) inventories write-down	**1,241**	(2,005)
Auditor's remuneration		
– Audit services	**2,276**	1,957
– Non-audit services*	**–**	–
Advertising expenses	**15,964**	13,329
Fuel and maintenance expenses	**5,952**	4,315
Depreciation of property, plant and equipment (Note 5)	**23,351**	22,317
Depreciation of right-of-use assets (Note 6)	**26,690**	21,502
Amortisation of intangible assets (Note 7)	**807**	807
Bank charges	**1,989**	2,843
Entertainment	**699**	605
Legal and professional fees	**7,336**	6,245
Listing expenses*	**8,964**	2,060
IT and security fees	**7,272**	5,172
Office, communication and utilities expenses	**10,769**	8,351
Other tax expenses	**23,926**	30,924
Short term lease expenses (Note 6)	**3,905**	4,335
Travelling expenses	**2,647**	2,383
Others	**3,835**	4,771
Total cost of sales, selling and administrative expenses	**4,416,287**	4,140,405

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.

* During the year ended 31 December 2021, auditor's remuneration for non-audit services of HK$3,000,000 (equivalent to approximately RMB2,483,000) represented the audit fees in connection with the listing of the Company, of which approximately RMB2,178,000 (2020: Nil) were included as part of the listing expenses in the consolidated statement of comprehensive income and the remaining approximately RMB305,000 (2020: Nil) represented the portion of listing expenses capitalised into equity upon listing.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25 EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

	2021 RMB'000	2020 RMB'000
Wages and salaries	**146,059**	131,448
Pension costs – defined contribution plans	**10,972**	5,015
	157,031	136,463

26 FINANCE COSTS, NET

	2021 RMB'000	2020 RMB'000
Finance income		
– Bank interest income	**1,485**	917
	1,485	917
Finance costs		
– Interest expense on bills payable	**(7,778)**	(7,023)
– Interest expense on bank and other borrowings	**(24,747)**	(41,588)
– Interest expense on lease liability	**(15,659)**	(10,815)
	(48,184)	(59,426)
Finance costs, net	**(46,699)**	(58,509)

27 INCOME TAX EXPENSE

Income tax expense is recognised based on management's best knowledge of the income tax rates expected for the financial year. The domestic tax rates applicable to the respective tax jurisdictions are as follows:

(a) Hong Kong

The assessable profits of the Hong Kong subsidiaries of the Group is subject to a tax rate of 16.5%.

(b) The PRC

The corporate income tax has been provided for at applicable tax rates under the relevant regulations of the PRC after considering the available preferential tax benefits from refunds and allowances, and 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%. Certain subsidiaries in the PRC were able to participate in the scheme of investing in China's Western Regions Enterprise which are subject to a preferential corporate income tax rate of 15% for the years ended 31 December 2021 and 2020.

	2021 RMB'000	2020 RMB'000
Current income tax:		
– PRC corporate income tax	**38,826**	28,209
– Withholding tax	**284**	–
Deferred income tax charged/(credited) to profit or loss (Note 28)	**143**	(1,398)
	39,253	26,811

27 INCOME TAX EXPENSE (CONTINUED)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the domestic tax rates applicable to profits in the respective jurisdictions as follows:

	2021 RMB'000	2020 RMB'000
Profit before income tax	**163,216**	136,720
Tax calculated at the respective applicable domestic tax rates	**36,253**	31,944
Income not subject to tax	**(753)**	(4,836)
Expenses not deductible for taxation purposes	**5,721**	10,985
Utilisation of previously unrecognised tax losses	**(5,108)**	(11,879)
Tax losses for which no deferred tax asset was recognised	**3,140**	597
	39,253	26,811

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:

	2021 RMB'000	2020 RMB'000
Opening balance at the beginning of year	**(35,797)**	(37,195)
(Charged)/credited to the consolidated statements of comprehensive income (Note 27)	**(143)**	1,398
Closing balance at the end of year	**(35,940)**	(35,797)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 2020	1,089	–	970	747	1,797	4,603
(Charged)/credited to profit or loss	(461)	–	433	176	716	864
At 31 December 2020 and 1 January 2021	628	–	1,403	923	2,513	5,467
Credited/(charged) to profit or loss	137	–	32	187	(452)	(96)
At 31 December 2021	**765**	**–**	**1,435**	**1,110**	**2,061**	**5,371**

Deferred income tax liabilities

	Unremitted earnings RMB'000	Accelerated amortisation RMB'000	Total RMB'000
At 1 January 2020	(4,301)	(37,497)	(41,798)
(Charged)/credited to profit or loss	(934)	1,468	534
At 31 December 2020 and 1 January 2021	**(5,235)**	**(36,029)**	**(41,264)**
Credited/(charged) to profit or loss	**3,384**	**(3,431)**	**(47)**
At 31 December 2021	**(1,851)**	**(39,460)**	**(41,311)**

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:

	2021 RMB'000	2020 RMB'000
Tax losses expiring:		
Within 1 year	**–**	–
Between 2-5 years	**56,177**	75,569
Without expiry date	**64,433**	51,166
	120,610	126,735

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.
- 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, excluding shares held for employee share scheme (Note 15).

	2021 RMB'000	2020 RMB'000
Profit attributable to equity holders of the Company	**123,963**	109,909
Weighted average number of ordinary shares in issue (thousands) after sub-division of shares	**511,201**	463,420
Basic earnings per share	**0.24**	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.

	2021 RMB'000	2020 RMB'000
Profit attributable to equity holders of the Company	**123,963**	109,909
Weighted average number of ordinary shares in issue (thousands) after sub-division of shares, taking into account the effect of dilutive potential shares from the conversion of convertible notes and share award scheme	**511,201**	499,324
Diluted earnings per share	**0.24**	0.22

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

(a) Cash generated from operations

	2021 RMB'000	2020 RMB'000
Cash flows from operating activities		
Profit before income tax	**163,216**	136,720
Adjustments for:		
Depreciation of property, plant and equipment (Note 5)	**23,351**	22,317
Depreciation of right-of-use asset (Note 6)	**26,690**	21,502
Amortisation of goodwill and intangible assets (Note 7)	**807**	807
Gain on disposals of property, plant and equipment (Note 23)	**(4,773)**	(3,736)
Finance income	**(1,485)**	(917)
Finance costs	**48,184**	59,426
Provision for/(reversal of) inventories	**1,241**	(2,005)
Reversal for impairment of property, plant and equipment	**–**	(29,701)
Fair value changes on convertible notes	**–**	(1,670)
Fair value changes on financial assets at FVPL	**–**	(2)
	257,231	202,741
Changes in working capital:		
Inventories	**(83,356)**	167,375
Trade and other receivables, prepayments and deposits	**(13,098)**	(272,986)
Trade and bills payable, accruals and other payables	**66,071**	63,200
Amounts due from fellow subsidiaries	**19,226**	(2,114)
Contract liabilities	**17,678**	(21,865)
Cash generated from operations	**263,752**	136,351

(b) In the consolidated statement of cash flows, proceeds from sale of property, plant and equipment comprises:

	2021 RMB'000	2020 RMB'000
Net book amount (Note 5)	**18,827**	34,844
Gain on disposals of property, plant and equipment (Note 23)	**4,773**	3,736
Proceeds from disposals of property, plant and equipment	**23,600**	38,580

(c) In the consolidated statement of cash flows, purchase of property, plant and equipment comprises:

	2021 RMB'000	2020 RMB'000
Additions of property, plant and equipment (Note 5)	**54,634**	70,211
Prepayment (utilised)/ made for purchase of property, plant and equipment (Note 10)	**(3,738)**	3,738
Purchase of property, plant and equipment	**50,896**	73,949

30 NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

(d) Net debt reconciliation

This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

	2021 RMB'000	2020 RMB'000
Bank and other borrowings	**600,258**	591,767
Lease liabilities	**234,353**	232,045
Amount due to immediate holding company	**94,747**	133,937
Net debt	**929,358**	957,749

	Bank and other borrowings RMB'000	Convertible notes RMB'000	Lease liabilities RMB'000	Amount due to immediate holding company RMB'000	Total RMB'000
Net debt as at 1 January 2020	553,324	24,701	142,412	189,836	910,273
Fair value changes	–	(1,670)	–	–	(1,670)
Proceeds from bank and other borrowings	2,671,821	–	–	–	2,671,821
Repayment of bank and other borrowings	(2,627,048)	–	–	–	(2,627,048)
Finance cost	–	–	10,815	–	10,815
Addition on lease liabilities	–	–	101,004	–	101,004
Principle elements of lease liabilities	–	–	(11,258)	–	(11,258)
Interest paid	–	(899)	(10,815)	–	(11,714)
Settlement of convertible notes	–	(13,909)	–	–	(13,909)
Repayment to the immediate holding company	–	–	–	(46,706)	(46,706)
Transfer of convertible notes to other borrowings	7,673	(7,673)	–	–	–
Exchange realignment	(14,003)	(550)	(113)	(9,193)	(23,859)
Net debt as at 31 December 2020	591,767	–	232,045	133,937	957,749
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 of 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

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, and TCA International Limited, a company incorporated in the Cayman Islands, as the ultimate holding company and the immediate holding company of the Group respectively.

During the years and the immediate holding company ended 31 December 2021 and 2020, the Group undertook the following related party transactions in the normal course of business:

(a) Balances with the immediate holding company and a fellow subsidiary

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

Notes:

(i) The balance with the fellow subsidiary was unsecured, interest free, receivable on demand, and its carrying values approximate its fair values.

(ii) The balance with the immediate holding company was unsecured, interest free and due on 31 December 2022.

(b) Key management compensation

	2021 RMB'000	2020 RMB'000
Wages and salaries	**11,547**	8,307
Employer's contribution to defined contribution plans, including Mandatory Provident Fund	**77**	64
	11,624	8,371

31 RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with key management

	2021 RMB'000	2020 RMB'000
Subscription of shares by key management (Note 14)	–	21,719
Subscription of shares under share-based payment by key management (Note 14)	–	22,824

(d) 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:

	2021 RMB'000	2020 RMB'000
Personal guarantee from directors of the Company	**1,020,100**	1,262,838

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2022

Class of Shares	–	Ordinary shares
No. of Shares (excluding treasury shares and subsidiary holdings)	–	584,323,950 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	0	0.00	0	0.00
100 – 1,000	161	32.26	157,900	0.03
1,001 – 10,000	218	43.69	1,360,300	0.23
10,001 – 1,000,000	103	20.64	10,215,140	1.75
1,000,001 AND ABOVE	17	3.41	572,590,610	97.99
TOTAL	**499**	**100.00**	**584,323,950**	**100.00**

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1	UOB KAY HIAN PRIVATE LIMITED	363,114,270	62.14
2	MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	116,088,270	19.87
3	CITIBANK NOMINEES SINGAPORE PTE LTD(1)	20,836,300	3.57
4	CHEUNG CHEE WAI MICHAEL(1)	20,589,000	3.52
5	DB NOMINEES (SINGAPORE) PTE LTD	15,572,000	2.66
6	RAFFLES NOMINEES (PTE.) LIMITED	6,794,270	1.16
7	KWAN MANG EDWARD NG & WING CHI WINCEY LAM	4,665,490	0.80
8	WOO CHUNG WAI (RAYMOND WOO)	4,322,710	0.74
9	BOUSTEAD SINGAPORE LIMITED	4,060,000	0.69
10	MANDARIN HOLDINGS LTD.	3,732,400	0.64
11	DBS NOMINEES (PRIVATE) LIMITED	2,823,600	0.48
12	GOH HAN CHOON STEVE	2,050,000	0.35
13	LIM GUAN PHENG	2,000,000	0.34
14	GOH SOO SIAH	1,848,900	0.32
15	LIM THIAM YEW PAUL OR TAN SOON TZE MRS LIM SOON TZE	1,563,000	0.27
16	BPSS NOMINEES SINGAPORE (PTE.) LTD.	1,459,600	0.25
17	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	1,070,800	0.18
18	HAOZHENG HOLDINGS LIMITED	812,540	0.14
19	ANG YEW JIN EUGENE	680,000	0.12
20	NG THIAN SAI	650,000	0.11
	TOTAL	**574,733,150**	**98.35**

Notes:

(1) Mr Michael Cheung has a deemed interest in 320,000 shares which are held in name of Citibank Nominees Singapore Pte Ltd.

STATISTICS OF SHAREHOLDINGS

AS AT 15 MARCH 2022

SUBSTANTIAL SHAREHOLDERS AS AT 15 MARCH 2022

(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)]	–	–	455,342,750	77.93
2.	Octo Holdings Limited [(1)(2)]	116,685,470	19.97	338,657,280	57.96
3.	TCA International Limited [(2)]	338,657,280	57.96	–	–
4.	TCA, L.P. [(2)]	–	–	338,657,280	57.96
5.	TCA Management Limited [(2)]	–	–	338,657,280	57.96

Notes:

(1) Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited. Accordingly, Mr Francis Tjia is deemed interested in 19.97% of the shares in the Company held by Octo Holdings Limited by virtue of Section 4 of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore.

(2) Mr Francis Tjia is deemed interested in 57.96% of the shares in the Company held 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 Securities and Futures Act 2001 of the Laws of the Republic of Singapore, TCA Management Limited is deemed interested in the shares held by TCA International Limited. And accordingly, TCA, L.P. is deemed interested in the shares in the Company held by TCA International Limited by virtue of Section 4 of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore.

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 Securities and Futures Act 2001 of the Laws of the Republic of Singapore.

Mr Francis Tjia holds the entire shareholding interest in Octo Holdings Limited and accordingly is deemed interested in the shares held by Octo Holdings Limited (through TCA Management Limited) by virtue of Section 4 of the Securities and Futures Act 2001 of the Laws of the Republic of Singapore.

PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 15 March 2022, 16.96% of the Company's shares are held in the hands of public. Accordingly, the Company has complied 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**") of Trans-China Automotive Holdings Limited (the "**Company**") will be held by way of electronic means on Tuesday, 26 April 2022 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 2021 together with the Directors' Statement and Independent Auditors' Report thereon. *Resolution 1*

2. To declare a final dividend of RMB 0.0257 per ordinary share (tax-exempt) for the financial year ended 31 December 2021. *Resolution 2*

3. To re-elect the following Directors retiring pursuant to Article 85(6) or Article 86(1) (as the case may be) of the Articles of Association of the Company:

   (a) Mr Francis Tjia (Retiring under Article 86(1)) *Resolution 3*
   (b) Mr Michael Cheung (Retiring under Article 86(1)) *Resolution 4*
   (c) Mr David Leow (Retiring under Article 85(6)) *Resolution 5*
   (d) Mr Henry Tan (Retiring under Article 85(6)) *Resolution 6*
   (e) Mr Steven Petersohn (Retiring under Article 85(6)) *Resolution 7*

   [See Explanatory Note 1]

4. To approve the payment of Directors' fees of S$57,647 for the financial year ended 31 December 2021, to be paid in arrears. *Resolution 8*

5. To re-appoint Messrs PricewaterhouseCoopers LLP as Auditors of the Company, to hold office until the conclusion of the next Annual General Meeting of the Company, and that the Directors be authorised to fix their remuneration. *Resolution 9*

6. To transact any other business which may properly be transacted at the Annual General Meeting 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 10*

   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, 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 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 annual general meeting of the Company or the date by which the next annual general meeting 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. **The Proposed Adoption of the Share Purchase Mandate** *Resolution 11*

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 defined in Section 76C of the Companies Act 1967 of Singapore ("**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 annual general meeting of the Company following the passing of this Resolution or the date by which such annual general meeting 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 annual general meeting 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;

(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 from Shareholders, 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 annual general meeting of the Company or the date by which such annual general meeting 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 12*

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 annual general meeting of the Company or the date by which the next annual general meeting 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, 8 April 2022

EXPLANATORY NOTES:

1. Pursuant to Article 86(1) of the Company's Articles of Association, each Director of the Company shall retire at least once every three (3) years. A retiring Director shall be eligible for re-election. Mr Francis Tjia will, upon re-election as a Director of the Company, remain as the Executive Chairman and Chief Executive Officer and a member of the Nominating Committee. He will be considered non-independent. Please refer to Corporate Governance Report on pages 25 to 56 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(1) of the Company's Articles of Association, each Director of the Company shall retire at least once every three (3) years. A retiring Director shall be eligible for re-election. Mr Michael Cheung will, upon re-election as a Director of the Company, remain as the Executive Director and Chief Financial Officer. He will be considered non-independent. Please refer to Corporate Governance Report on pages 25 to 56 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 85(6) of the Company's Articles of Association, any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. 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 Corporate Governance Report on pages 25 to 56 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 85(6) of the Company's Articles of Association, any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. Mr Henry Tan will, upon re-election as a Director of the Company, remain as a Non-Executive and Independent Director of the Company, Chairman of the Audit and Risk Committee and a member of the Nominating 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 Corporate Governance Report on pages 25 to 56 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 85(6) of the Company's Articles of Association, any Director appointed by the Board shall retire at the next annual general meeting of the Company and shall then be eligible for re-election at that meeting. 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 Corporate Governance Report on pages 25 to 56 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 10 in item 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.

NOTICE OF ANNUAL GENERAL MEETING

3. The Ordinary Resolution 11 in item 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 11), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined in Resolution 11) 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 11) are carried out to the full extent mandated, whichever is the earliest.

4. The Ordinary Resolution 12 in item 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 12) 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.

NOTES:

1. A Member of the Company (including a Relevant Intermediary*) entitled to vote at the AGM ("**Meeting**") must appoint Chairman of the Meeting to act as proxy and direct the vote at the Meeting.

2. The instrument appointing the Chairman of the Meeting as 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/TCAH2022 ("**Trans-China AGM Website**") in the electronic format accessible on the Trans-China AGM Website,

   by no later than 2.00 p.m. on 23 April 2022, being 72 hours before the time appointed for the Meeting.

3. The instrument appointing the Chairman of the Meeting as the proxy must be signed by the appointor or his attorney duly authorised in writing. Where the proxy form appointing the Chairman of the Meeting as proxy 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 Trans-China Automotive Holdings Limited (the "**Company**") will be closed on 11 May 2022 at 5.00 p.m. for the purpose of determining members' entitlements to the proposed final dividend of RMB 0.0257 per ordinary share (tax-exempt) to be approved at the Annual General Meeting ("**AGM**") of the Company to be held on 26 April 2022. 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 11 May 2022 (the "**Record Date**") will be registered to determine members' entitlements to the said dividend. Depositors whose Securities Account with The Central Depository (Pte) Limited are credited with shares in the capital of the Company ("**Shares**") as at 5.00 p.m. on the Record Date will be entitled to the proposed dividend. The proposed payment of the dividend, if approved by the members at the AGM to be held on 26 April 2022, will be made on 29 June 2022.

NOTES:

1. Pursuant to the COVID-19 (Temporary Measures) Act 2020 (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, even where the Company is permitted under safe distancing regulations to hold a physical meeting. Due to the current COVID-19 situation and the Company's efforts to minimise physical interactions and the 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 must submit any questions they may have by 2.00 p.m. on 18 April 2022.

2. Alternative arrangements relating to, among others, attendance, submission of questions in advance and/or appointing the Chairman of the AGM as proxy to attend, speak and vote on their voting by proxy 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.

NOTICE OF ANNUAL GENERAL MEETING

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 of the AGM at https://conveneagm.sg/TCAH2022 ("**Trans-China AGM Website**"); and/or

   (c) appointing the Chairman of the Meeting as proxy to attend, speak and vote on their behalf at 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.

   A shareholder (including a Depositor registered and holding Shares through The Central Depository (Pte) Limited) of the Company entitled to vote at the Meeting must appoint the Chairman of the Meeting to act as proxy and direct the vote at the AGM.

5. 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 the Chairman of the Meeting as proxy, 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.

6. The instrument appointing the Chairman of the Meeting as 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/TCAH2022 ("**Trans-China AGM Website**") in the electronic format accessible on the Trans-China AGM Website

   by no later than 2.00 p.m. on 23 April 2022, being 72 hours before the time appointed for the Meeting.

NOTICE OF ANNUAL GENERAL MEETING

IMPORTANT NOTES TO SHAREHOLDERS:

A. The key dates which shareholders should take note of are set out in the table below:

Key dates	Actions
8 April 2022	Shareholders 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 18 April 2022	Deadlines for registered shareholders/Depositors to submit questions related to the resolutions to be tabled at the AGM for approval in advance
20 April 2022 after trading hours	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 23 April 2022	Deadlines for shareholders to: • pre-register for Live Webcast/Live Audio Feed; • submit the Corporate Representative Certificate (for corporate shareholders only); and • submit proxy forms.
By 2.00 p.m. on 25 April 2022	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**"). Shareholders who do not receive the Confirmation Email by 2.00 p.m. on 25 April 2022, 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 shareholder; and (ii) his/her/its identification/registration number.
2.00 p.m. on 26 April 2022	To access the Live Webcast/Live Audio Feed of the proceedings of the AGM

NOTICE OF ANNUAL GENERAL MEETING

B. The Company will closely monitor the situation and reserves the right to take further measures or short-notice arrangements as and when appropriate in order to minimise any risk to the attendees of the AGM. Any material developments will be announced on the SGXNET. The Company apologises for any inconvenience caused and seeks the understanding and cooperation of all shareholders to minimise the risk of community spread of the COVID-19.

PERSONAL DATA PRIVACY:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the AGM and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the 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 AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, proxy lists, minutes and other documents relating to the AGM (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 member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the 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 member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the 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, 6 Raffles Quay, #24-02, Singapore 048580, sponsor@rhtgoc.com.

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