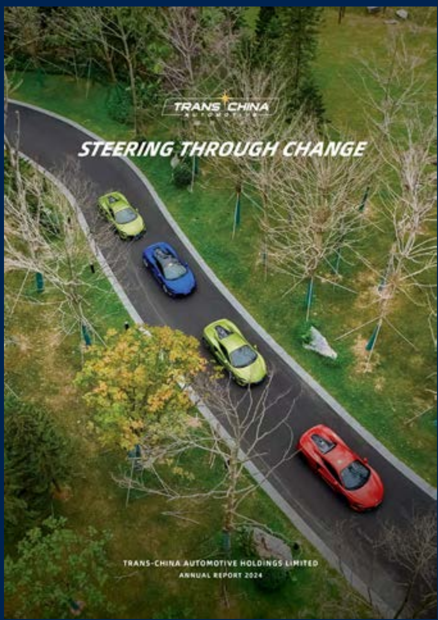
TRANS CHINA AUTOMOTIVE
耀 骅 汽 车

# STEERING THROUGH CHANGE

TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED
ANNUAL REPORT 2024




***STEERING THROUGH CHANGE***

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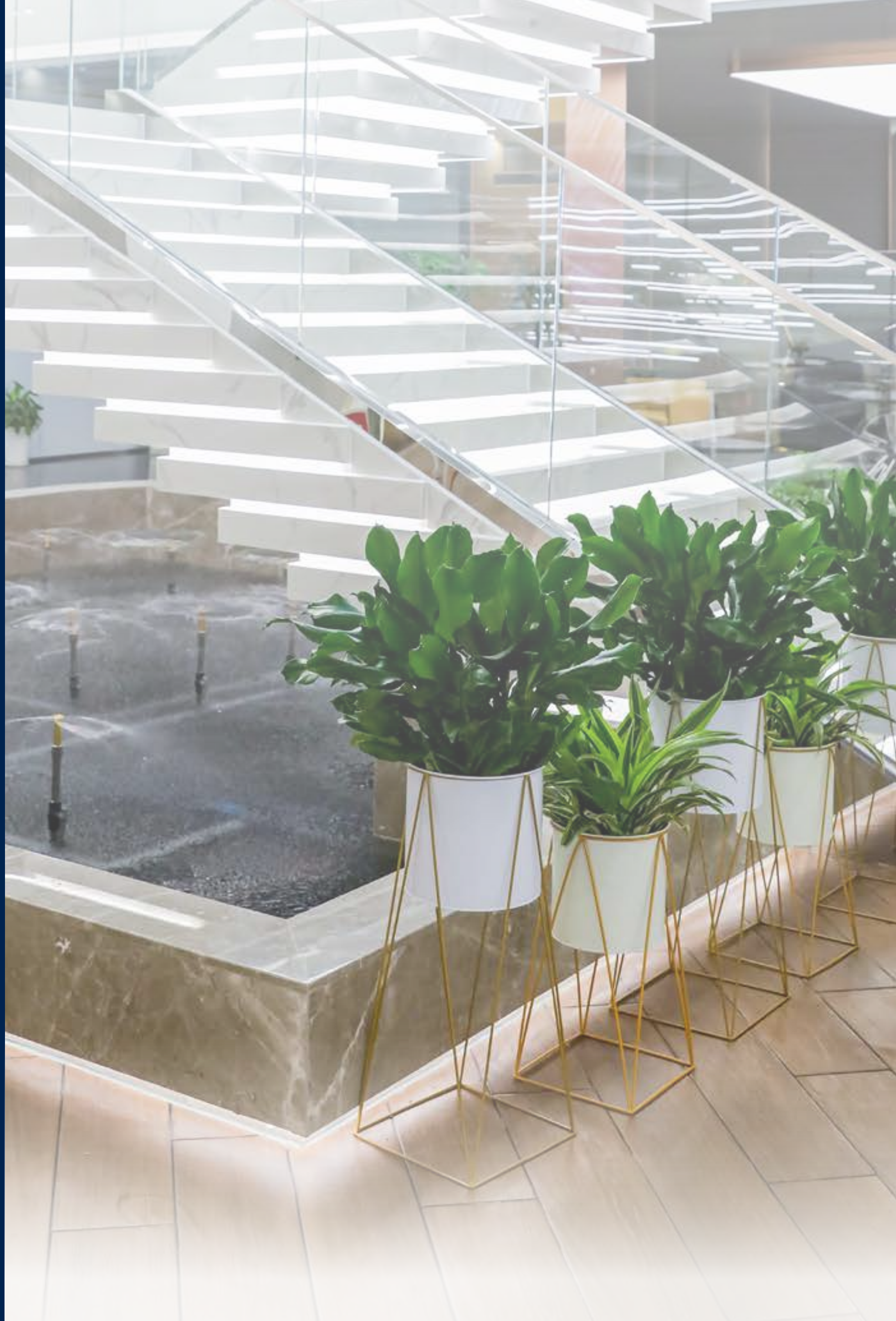

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The contact person for the Sponsor is Mr. Leong Weng Tuck at 36 Robinson Road, #10-06 City House, Singapore 068877, Email: sponsor@rhtgoc.com.

# 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 and ultra-premium automobiles under the BMW, McLaren and Genesis brands.

TCA’s dealerships are located in key cities in the PRC, namely Foshan, Shenzhen and Guangzhou, which are part of the Greater Bay Area (“**GBA**”), as well as Chongqing and Changsha.

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

# BUSINESS OVERVIEW

### NEW AUTOMOBILES

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

1 Manufacturer and distributor of automobiles

### AFTER-SALES SERVICES

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

### AGENCY REVENUE

Agency revenue refers to automobiles delivered under an agency dealership agreement with our OEM partner. We do not take inventory of the vehicles but receive a fee for each transaction.

### ANCILLARY SERVICES

Ancillary services which are recorded under Other Income comprised mainly commissions earned from arranging finance and insurance services on behalf of our customers and fees from car registration services.

# AT A GLANCE

## NETWORK OF DEALERSHIPS & SHOWROOMS

**BMW**

**4**
Fully Integrated Dealerships with Showrooms and Service Centres

**1**
Service Centre

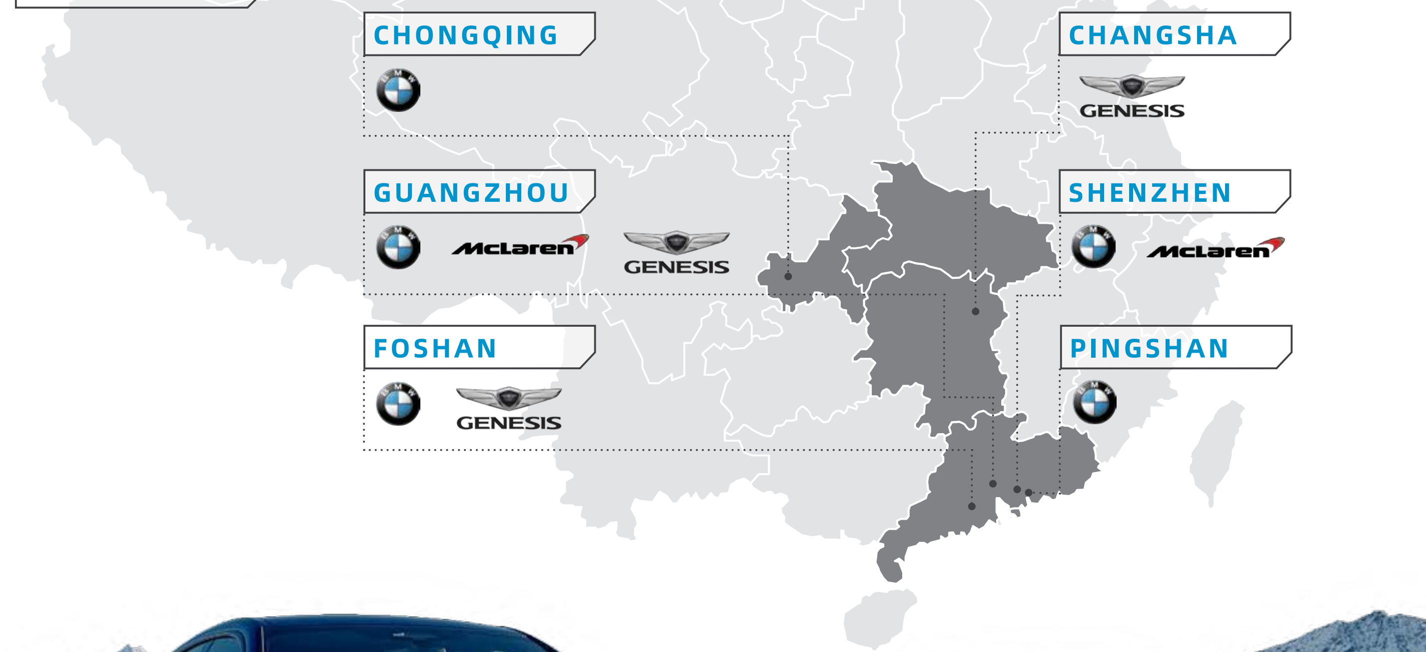
**McLaren**

**2**
Showrooms

**2**
Service Centres

**GENESIS**

**3**
Fully Integrated Dealerships with Showrooms and Service Centre




# CORPORATE INFORMATION

## REGISTERED OFFICE

Cricket Square, Hutchins Drive
P.O. Box 2681, Grand Cayman
KY1-1111, Cayman Islands

## CORRESPONDENCE ADDRESS

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

## WEBSITE & EMAIL ADDRESS

https://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

**Steven Petersohn**
Independent Director

**Henry Tan**
Independent Director

**Mark Fukunaga**
Non-Executive Director

## AUDIT AND RISK COMMITTEE

Henry Tan (Chairman)
David Leow
Steven Petersohn
Mark Fukunaga

## NOMINATING COMMITTEE

David Leow (Chairman)
Henry Tan
Steven Petersohn
Francis Tjia
Mark Fukunaga

## REMUNERATION COMMITTEE

Steven Petersohn (Chairman)
David Leow
Henry Tan
Mark Fukunaga

## SPONSOR

**RHT Capital Pte. Ltd.**
36 Robinson Road
#10-06 City House
Singapore 068877

## INDEPENDENT AUDITORS AND REPORTING ACCOUNTANT

**Deloitte & Touche LLP**
6 Shenton Way
#33-00 OUE Downtown 2
Singapore 068809

Partner-in-Charge: Khor Tee Heng
*Appointed from financial year 2023*

## SINGAPORE SHARE TRANSFER AGENT

**In.Corp Corporate Services Pte. Ltd.**
36 Robinson Road
#20-01 City House
Singapore 068877

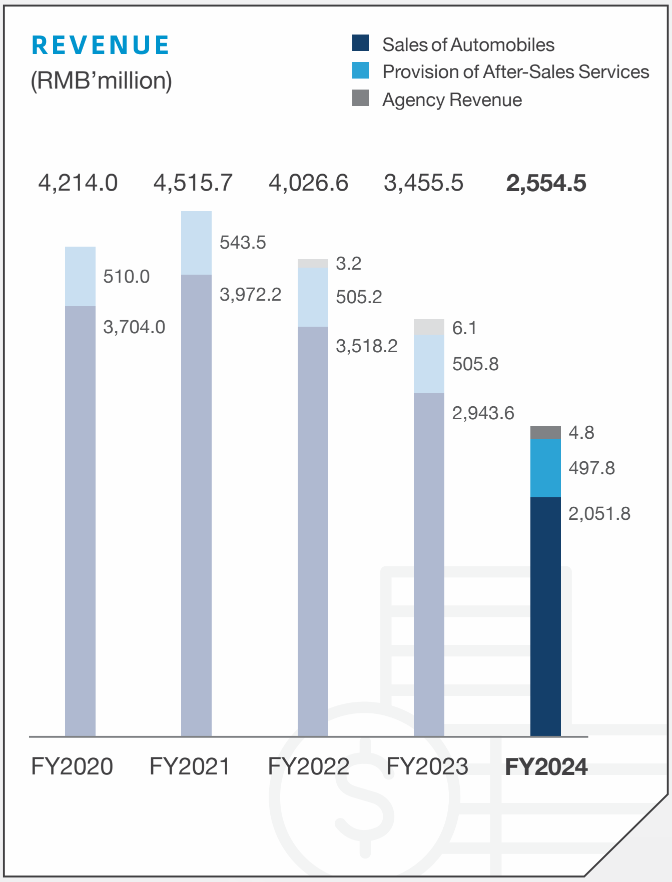
## COMPANY SECRETARY

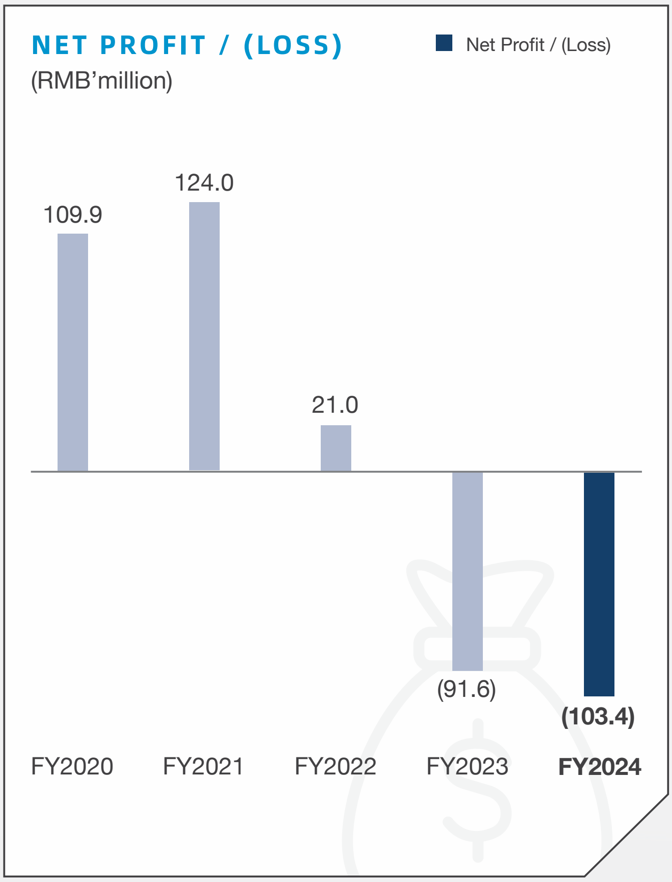
Lee Wei Hsiung
Loo Shi Yi

## MEDIA AND INVESTOR RELATIONS

**August Consulting Pte. Ltd.**
101 Thomson Road
#29-05 United Square
Singapore 307591

# FINANCIAL HIGHLIGHTS




Numbers may not add up due to rounding

# FINANCIAL HIGHLIGHTS

## GROSS PROFIT / (LOSS) (RMB'MILLION)

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|
| Sales of Automobiles | 107.5 | 153.5 | (0.7) | (122.7) | (201.5) |
| After-Sales Services | 208.6 | 218.1 | 194.6 | 177.3 | 176.9 |
| Agent Commission | – | – | 3.2 | 6.1 | 4.6 |
| Total | 316.1 | 371.6 | 197.1 | 60.7 | (20.0) |

## GROSS PROFIT MARGIN (%)

| | FY2020 | FY2021 | FY2022 | FY2023 | FY2024 |
|---|---|---|---|---|---|
| Sales of Automobiles | 2.9 | 3.9 | (0.0) | (4.2) | (9.8) |
| After-Sales Services | 40.9 | 40.1 | 38.5 | 35.1 | 35.5 |
| Overall | 7.5 | 8.2 | 4.9 | 1.8 | (0.8) |

## BALANCE SHEET

| RMB'million | As at 31 December 2023 | As at 31 December 2024 |
|---|---|---|
| Total Assets | 1,591.8 | 1,455.3 |
| Total Liabilities | 1,393.5 | 1,363.8 |
| Total Equity | 198.3 | 91.5 |
| NAV per Share (RMB'cents) | 0.34 | 0.16 |

## SHARE PRICE PERFORMANCE[1]

| | As at 31 December 2024 |
|---|---|
| IPO offer price (November 2021) | S$0.230 |
| As at last trading day of the year (31 December 2024) | S$0.052 |
| Highest | S$0.110 |
| Lowest | S$0.028 |
| Trading volume (million shares) | 660.659 |
| Number of shares in issue | 589,615,183 |
| Market capitalisation (S$'million) | 30.660 |

1 Source: Share Investor

# LETTER TO SHAREHOLDERS

*"We are working hard to keep our operations lean and ensure optimum resource allocation. At the same time, our team is standing ready to ride the wave should a positive change in consumer sentiment come about."*

**FRANCIS TJIA**

Executive Chairman and Chief Executive Officer

Revenue:

**RMB2,554.5M**

(FY2023: RMB3,455.5 million)

Net Loss:

**RMB103.4M**

(FY2023: RMB91.6 million)

## DEAR SHAREHOLDERS

In recent years, China's domestic automobile market has experienced significant shifts particularly with the rise of new energy vehicles ("**NEV**"), while the market's economic slowdown has led to changing dynamics between premium and mass-market brands. As an indication of how fast things have changed, NEVs sold made up only 5.7% of all new passenger vehicles sold in China in 2020 but in just four years, this figure has risen to 47.6% in 2024.[1]

This substantial growth in the population of NEVs within a short period was driven by many factors. For consumers, local government policies and subsidies and increasingly smarter features of NEVs have encouraged adoption. For automakers, government grants to the industry spurred technological advancements ahead of foreign counterparts and led to the aggressive, but unsustainable, expansion of manufacturing capacities to meet anticipated demand that failed to materialise as China's post-COVID-19 economy continued to disappoint. The supply glut that resulted triggered an all-out price war that worsened from 2023 to 2024 and affected the industry badly.

With the slowing domestic economy and market challenges that included an ongoing real estate crisis, consumers have been understandably pessimistic, and this has made it increasingly difficult for them to justify spending a premium on foreign luxury automobile brands when local mass-market NEV brands were flooding the market with deep discounts and free tech features. Against this backdrop, units of new vehicles sold fell across all foreign luxury brands in China in 2024 with BMW registering the highest decline.

Along with other dealerships operating in the same regions, TCA was not spared from this post-pandemic situation. Our performance continued to falter in the financial year ended 31 December 2024 ("**FY2024**"). We recorded RMB2,554.5 million in revenue compared to revenue of RMB3,455.5 million in the corresponding period a year ago ("**FY2023**"). In addition to fewer units of cars sold, our revenue from the provision of after-sales also decreased as owners turned conservative and kept repairs and servicing on a need-to basis. Net loss for the year was RMB103.4 million compared with net loss of RMB91.6 million in FY2023.

1 China Automobile Dealers' Association, Passenger Car Market Information

# LETTER TO SHAREHOLDERS

But we are encouraged that on a half-on-half basis, net loss for the Group significantly narrowed to RMB29.0 million for the second half of FY2024 compared with a net loss of RMB74.4 million in the first half of FY2024. Total contribution from automobile sales[2] recovered to 3.8% in the second half of FY2024 from negative 2.8% in the first half of FY2024. The improvement was a result of adjustments in unit sales volume, additional vendor rebates, and our own internal cost cutting efforts.

We are thankful to our OEM partners, who were just as concerned about the untenable market conditions and offered additional support for their dealers in the form of financial rebates as well as more flexibility and pragmatism in their policies to help dealers overcome the difficult situation. Their support as well as our own belt-tightening measures, which included a significant reduction in non-automobile related expenses, a hiring freeze, lower headcount due to natural attrition and salary adjustments, enabled us to achieve higher margins in the second half of the year. In addition, we also saw more support from financial institutions, which offered higher commissions for loans and insurance referred by us, and the attractive rates given to consumers to boost affordability.

In view of ongoing challenges in our operating environment, the Group will remain in cash conservation mode to protect its profitability. We will continue the measures that we started in FY2024 including imposing a freeze on hiring and curtailment of all discretionary expenses. Part of these plans will involve streamlining the operations of our super car brands. For instance, in Guangzhou where we currently have one dealership each for McLaren and Genesis, we are in negotiations with our OEM partners about right-sizing of premises. The discussions involve moving McLaren into the Genesis location in 2025. This consolidation of resources is expected to achieve significant savings on lease expenses and manpower costs.

The completion of renovations to our Chongqing BMW dealership in August of 2024 concludes all significant capital expenditure ("**capex**") projects that were previously planned. The renovated store offers customers a more contemporary and fresher car buying experience and we are pleased to observe an improvement in customer traffic as a result. In line with our cost management measures, the Group does not intend to make any capex plans until we see signs of improvement in market conditions.

2 Defined as the sum of automobile gross profit or loss plus other income divided by total automobile sales

## LOOKING AHEAD

Looking ahead, we expect market competition to remain intense. Many of China's NEV brands have gained increasing dominance and popularity not just locally but also globally because of their affordability and high-tech features. However, just as many, if not more, have not succeeded and have dropped out of the scene, while some other are in perpetual fund-raising mode, which is simply not sustainable in the long run.

As a dealer that focuses on premium brands, we are observing the NEV segment closely. For now, we remain confident of BMW's electrification strategy and we are excited about their 2025 launch pipeline, which includes the AI-driven, all-electric BMW Neue Klasse models. We believe a large segment of China consumers are aspirational and desire to own premium luxury brands that have strong differentiators that clearly sets them apart from the rest. The brands we carry fulfil these criteria and people will want to buy once conditions improve.

On a macro level, we expect Trump-led policies and other geopolitical tensions to lead to ongoing economic uncertainties that will continue to impact consumer and business sentiment. However, we are also seeing some green shoots of growth – inflation has started to slow and financing costs have continued to come down. The property market is showing signs of recovery in the big cities, we are seeing a rebound in the stock market, and we expect government stimulus programmes to provide strong support for the economy. All these signs are giving us hope for a recovery.

## APPRECIATION

In closing, I want to thank all shareholders for your support during this prolonged period of market challenges. We are working hard to keep our operations lean and ensure optimum resource allocation. At the same time, our team is standing ready to ride the wave should a positive change in consumer sentiment come about.

I want to express my deep appreciation to TCA's management team and employees who continued to give their best to the Company and to our OEM partners for their support that had enabled us to achieve a significant improvement in the second half of 2024.

Lastly, I would like to thank my fellow Directors on the Board for their support and guidance as we continue to navigate our way through the tough environment.

**MR FRANCIS TJIA**
**Executive Chairman and**
**Chief Executive Officer**

# OPERATIONAL AND FINANCIAL REVIEW

## INCOME STATEMENT

| (RMB' million) | FY2024 | FY2023 | % Variance |
|---|---|---|---|
| **Revenue** | **2,554.5** | **3,455.5** | **(26.1)** |
| Cost of Sales | (2,574.4) | (3,394.8) | (24.2) |
| **Gross (Loss)/Profit** | **(20.0)** | **60.7** | **n.m.** |
| Other Income | 207.4 | 201.7 | 2.9 |
| Other Gains, Net | 0.6 | 4.8 | (87.0) |
| Selling Expenses# | (140.0) | (158.8) | (11.9) |
| Administrative Expenses# | (115.3) | (133.3) | (13.5) |
| Impairment Charge | - | (25.8) | n.m. |
| **Operating (Loss)** | **(67.1)** | **(50.7)** | **32.3** |
| Finance Costs, Net | (36.3) | (42.1) | (13.7) |
| **(Loss) Before Income Tax** | **(103.5)** | **(92.9)** | **11.4** |
| **(Loss) for the Year** | **(103.4)** | **(91.6)** | **12.9** |

# Certain comparative figures have been reclassified to conform to the presentation of the current year and the corresponding ratio was recalculated accordingly.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentage may not precisely reflect the absolute figures.

## REVENUE

The Group's total revenue declined 26.1% to RMB2,554.5 million in FY2024 from RMB3,455.5 million in FY2023, largely on lower revenue from automobile sales while after-sales services remained stable.

A subdued China economy and intense market competition continued to affect the Group's performance in FY2024, prompting it to work with OEM partners to reduce annual sales targets to mitigate the impact. In FY2024, automobile sales slipped 30.3% to RMB2,051.8 million from RMB2,943.7 million in FY2023, on lower average sales prices and volume. The average sales price in FY2024 was RMB299,000 with 6,851 units sold, compared to RMB340,000 and 8,667 units sold in FY2023 respectively. Competition was particularly intense in 2Q2024, resulting in higher discounts extended in FY2024 compared to FY2023 in an effort to drive sales.

Revenue from after-sales services remained steady, dipping slightly by 1.6% to RMB497.8 million in FY2024 from RMB505.8 million in FY2023. Economic uncertainties saw consumers being more price sensitive and keeping repairs and maintenance to essential services only.

Agent commission for the year decreased 21.5% to RMB4.8 million from RMB6.1 million in FY2023. This segment faced weaker market conditions for premium cars in the first half of 2024 but saw a gradual recovery in the second half, due to sales of new car models and price promotions for certain cars.

# OPERATIONAL AND FINANCIAL REVIEW

**Revenue by Segment**

| (RMB' million) | FY2024 | FY2023 | % Variance |
|---|---|---|---|
| Sale of Automobiles | 2,051.8 | 2,943.7 | (30.3) |
| After-Sales Services | 497.8 | 505.8 | (1.6) |
| Agent Commission | 4.8 | 6.1 | (21.5) |
| **Total Revenue** | **2,554.5** | **3,455.5** | **(26.1)** |

Numbers may not add up due to rounding.

## COST OF SALES & GROSS PROFIT

Cost of sale of automobiles declined 26.5% to RMB2,253.4 million in FY2024 from RMB3,066.3 million in FY2023 on fewer units sold and higher discounts extended. Gross loss for the segment stood at RMB201.5 million compared to a gross loss of RMB122.7 million a year ago. Consequently, the Group registered a negative gross margin of 9.8% in FY2024 from a negative gross margin of 4.2% in FY2023. The gross margin of automobile sales reached its lowest level in 2Q2024 before rebounding in 2H2024 arising from lower sales volume and additional support from OEM partners, and partially offset by ancillary services income.

Cost of after-sales services declined 2.3% to RMB320.9 million in FY2024 from RMB328.5 million in FY2023 on lower after-sales services volume. Gross profit remained stable at RMB176.9 million in FY2024 compared to RMB177.3 million in FY2023, while gross profit margin edged up to 35.5% in FY2024 from 35.1% in FY2023.

As a result, the Group registered a gross loss of RMB20.0 million in FY2024 compared to a gross profit of RMB60.7 million in FY2023, and a negative gross margin of 0.8% in FY2024 compared to a gross profit margin of 1.8% in FY2023.

**Gross Margin by Segment**

| (%) | FY2024 | FY2023 | % Variance |
|---|---|---|---|
| Sale of Automobiles | (9.8) | (4.2) | (5.6) pt |
| After-Sales Services | 35.5 | 35.1 | 0.4 pt |
| Agent Commission | 95.8 | 100.0 | (4.2) pt |
| **Overall Gross Margin** | **(0.8)** | **1.8** | **n.m.** |

## OPERATING EXPENSES

Selling expenses for the year decreased 11.9% to RMB139.9 million as a result of lower business volume. Administrative expenses also saw a 13.5% decline to RMB115.3 million in FY2024 due to stringent cost control measures including hiring freeze and restriction on nonessential expenses.

## IMPAIRMENT CHARGE

There was no impairment charge in FY2024 compared to a RMB25.8 million non-cash impairment charge relating to the cessation of operation of a business unit in FY2023.

## NET FINANCE EXPENSES

Net finance expenses decreased 13.8% to RMB36.3 million due to a 69.6% decline in finance income to RMB0.7 million as a result of lower net cash balances in FY2024 compared to the year before. Finance costs for the year decreased 16.6% to RMB37.0 million on lower average interest rate and lower bank financing due to lower inventory levels. Finance costs related to loan due to shareholder was RMB1.1 million in FY2024 compared to RMB370,000 in FY2023 as the loan was provided for a longer duration in FY2024. Finance costs related to IFRS 16 slid 11.6% as a result of the closure of certain locations and amortisation of lease liabilities.

## NET LOSS

The Group significantly narrowed net loss in 2H2024 compared to the net loss registered in 1H2024 due to adjustments in unit sales volume, additional vendor rebates and cost cutting efforts.

As a result of the foregoing, loss before income tax for FY2024 came in at RMB103.5 million compared to a loss of RMB92.9 million in FY2023, while net loss for the year was RMB103.4 million compared to a net loss of RMB91.6 million in FY2023. Basic and fully diluted loss per share was 0.18 RMB cents in FY2024 compared to 0.16 RMB cents in FY2023.

## BALANCE SHEET

| (RMB' million) | As at 31 December 2024 | As at 31 December 2023 |
|---|---|---|
| **ASSETS** | | |
| **Non-current assets** | | |
| Property, plant and equipment | 224.9 | 243.3 |
| Right-of-use assets | 257.3 | 289.5 |
| Intangible assets | 57.0 | 57.8 |
| Deferred income tax assets | 7.9 | 11.5 |
| **Total non-current assets** | **547.1** | **602.1** |
| **Current assets** | | |
| Inventories | 177.6 | 323.9 |
| Trade and other receivables | 246.9 | 251.4 |
| Prepayments and deposits | 101.0 | 87.2 |
| Pledged bank deposits | 349.0 | 252.2 |
| Cash and cash equivalents | 33.8 | 75.0 |
| **Total current assets** | **908.2** | **989.7** |
| **Total Assets** | **1,455.3** | **1,591.8** |
| **Equity attributable to the owner of the Company** | | |
| Share capital | 42.0 | 42.0 |
| Share premium | 82.8 | 82.8 |
| Reserves | 65.6 | 69.0 |
| (Accumulated loss) Retained earnings | (98.9) | 4.5 |
| **Total Equity** | **91.5** | **198.3** |
| **LIABILITIES** | | |
| **Non-current liabilities** | | |
| Bank and other borrowings | 13.6 | 9.2 |
| Lease liabilities | 186.2 | 211.0 |
| Deferred income tax liabilities | 30.8 | 32.7 |
| Amount due to a related party | 65.7 | 73.9 |
| **Total non-current liabilities** | **296.2** | **326.9** |
| **Current liabilities** | | |
| Trade and bills payable | 531.2 | 516.8 |
| Accruals and other payables | 65.8 | 73.8 |
| Contract liabilities | 90.3 | 90.3 |
| Loan due to shareholder | 22.3 | 28.8 |
| Bank and other borrowings | 319.5 | 325.0 |
| Lease liabilities | 38.4 | 27.2 |
| Current income tax liabilities | – | 4.8 |
| **Total current liabilities** | **1,067.6** | **1,066.6** |
| **Total Liabilities** | **1,363.8** | **1,393.5** |
| Working capital | (159.4) | (76.9) |
| Net interest bearing liabilities[1] | 467.1 | 487.3 |

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

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentage may not precisely reflect the absolute figures.

# OPERATIONAL AND FINANCIAL REVIEW

The Group's total assets stood at RMB1,455.3 million as at 31 December 2024 compared to RMB1,591.8 million as at 31 December 2023.

Current assets declined RMB81.5 million to RMB908.2 million as at 31 December 2024, largely due to (i) a decrease in inventory of RMB146.3 million due to lower sales target and improved inventory turnover which shortened to 35.6 days in FY2024 from 43.1 days in FY2023; (ii) a decrease in accounts and other receivables of RMB4.5 million as a result of additional OEM rebates; partially offset by (iii) an increase in prepayments and deposits of RMB13.8 million for inventory delivered after yearend; and (iv) an increase in pledged deposits of RMB96.7 million from the settlement of related bills payables and other borrowings.

Non-current assets recorded a RMB55.0 million decline to RMB547.1 million as at 31 December 2024, largely on (i) a decrease in intangible assets of RMB0.8 million arising from annual amortisation; (ii) a decrease in rights of use assets of RMB32.3 million as a result of annual amortisation and termination of certain leases related to store closures; and (iii) a decrease in property, plant and equipment of RMB18.4 million from depreciation of assets and disposition of demonstration cars.

The Group's total liabilities declined to RMB1,363.8 million as at 31 December 2024 compared to RMB1,393.5 million as at 31 December 2023.

Current liabilities increased RMB0.9 million to RMB1,067.6 million as at 31 December 2024, largely attributable to (i) higher trade and bills payable balance of RMB14.4 million due to repayments scheduled for after year end; (ii) current lease liabilities of RMB11.3 million; partially offset by (iii) lower bank and other borrowings of RMB5.5 million due to repayments during the year; (iv) lower accruals and other payables of RMB8.0 million from lower operating expenses; and (v) lower shareholder loan balance of RMB6.5 million due to partial payment in FY2024.

# OPERATIONAL AND FINANCIAL REVIEW

The decline in non-current liabilities of RM30.7 million to RMB296.2 million as at 31 December 2024, was largely due to (i) an increase of RMB4.4 million in non-current bank and other borrowings related to the non-current portion of long-term credit facilities; partially offset by (ii) a decrease in lease liabilities of RMB24.9 million related to reclassification to current liabilities and the termination of leases related to store closures; (iii) a decrease in deferred income tax liabilities of RMB1.9 million due to net loss position resulting in a reversal of unremitted earnings; and (iv) a decrease in repayment amount to a related party of RMB8.2 million.

The Group's shareholders equity declined RMB106.8 million to RMB91.5 million as at 31 December 2024 as a result of net loss for the year and exchange losses.

## CASH FLOWS

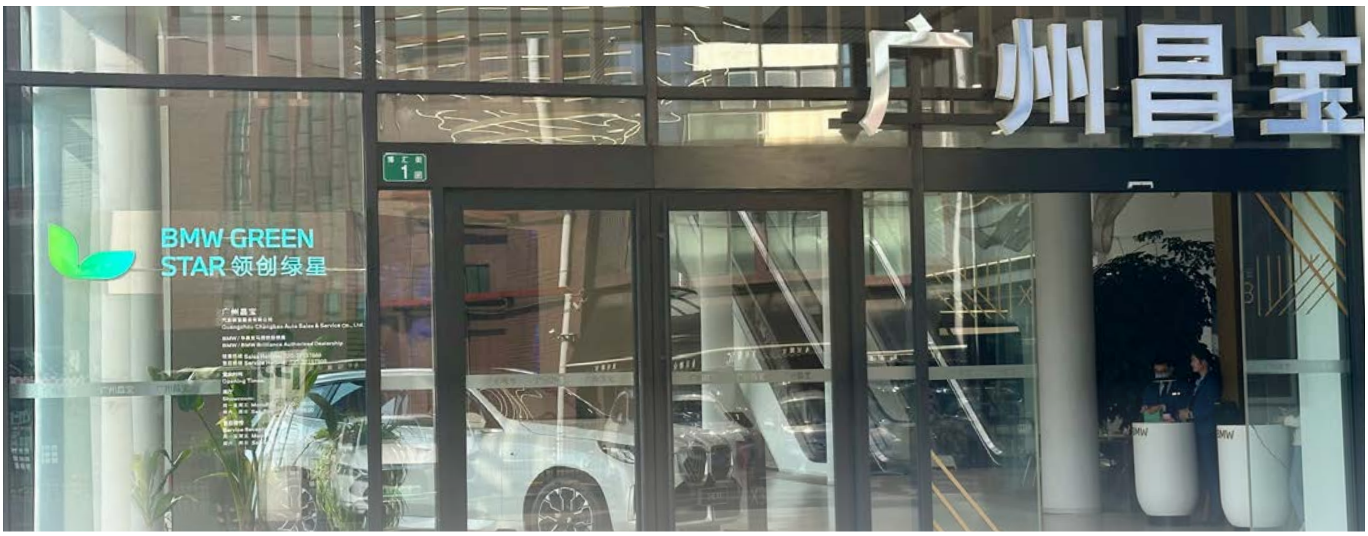
| (RMB' million) | FY2024 | FY2023 |
|---|---|---|
| Net cash generated from operating activities | 54.1 | 106.1 |
| Net cash used in investing activities | (25.9) | (51.7) |
| Net cash used in financing activities | (68.4) | (85.7) |
| Cash and cash equivalents at end of financial year/period | 33.8 | 75.0 |

Net cash generated from operating activities was RMB54.1 million in FY2024, due to (i) cash used in changes before working capital of RMB2.4 million in FY2024 compared to cash generated of RMB53.8 million in FY2023 arising from a larger loss before income tax. FY2023's loss also included impairment charge of RMB25.8 million; (ii) lower inventory balance of RMB159.3 million as a result of lower sales target and higher number of deliveries near the end of FY2024; (iii) higher trade and bills payables, accruals and other payables of RMB6.4 million primarily from higher bills payable balance scheduled for payment after yearend; offset by (iv) trade and other receivables, prepayments and deposits of RMB9.3 million from higher deposits paid to manufacturers for new automobile inventory and additional OEM rebates; and (v) an increase in payment of pledged deposits of RMB96.7 million related to bills payables after year end.

Net cash used in investing activities was RMB25.9 million, comprising (i) purchases of property, plant and equipment of RMB54.1 million, primarily motor vehicles to be used as demonstration vehicles, leasehold improvements, furniture and equipment associated with renewal of one BMW store, while capital expenditure was higher in FY2023 due to construction of Genesis stores; offset by (ii) proceeds from disposal of property, plant and equipment of RMB27.5 million from motor vehicles that were retired from demonstration fleet; and (iii) proceeds from interest received for deposits with financial institutions of RMB0.7 million.

Net cash used in financing activities declined to RMB68.4 million in FY2024, mainly on (i) interest paid on bank borrowings of RMB37.0 million; (ii) lease payments of RMB13.2 million; (iii) repayment of bank loans and other borrowings of RMB1.1 million; (iv) net repayment of a shareholder's loan of RMB7.0 million; and (v) payment to a related party of RMB10.0 million.

As a result, cash and cash equivalents declined RMB41.2 million to RMB33.8 million as at 31 December 2024 from RMB75.0 million as at 31 December 2023.



# BOARD OF DIRECTORS

## FRANCIS TJIA

Executive Chairman and Chief Executive Officer

## MICHAEL CHEUNG

Executive Director and Chief Financial Officer

## DAVID LEOW

Lead Independent Director

## STEVEN PETERSOHN

Independent Director

## HENRY TAN

Independent Director

## MARK FUKUNAGA

Non-Executive Director

# BOARD OF DIRECTORS

## FRANCIS TJIA
*Executive Chairman and Chief Executive Officer*

**Date of First Appointment to the Board:**
18 December 2015

**Date of Last Re-election to the Board:**
26 April 2022

**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
- Multivest Holdings Limited - Non Executive Director
- Openform Properties Ltd - Non-Executive Director

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

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

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

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

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

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## MICHAEL CHEUNG
*Executive Director and Chief Financial Officer*

**Date of First Appointment to the Board:**
18 December 2015

**Date of Last Re-election to the Board:**
24 April 2024

**Board Committees:**
Nil

**Present Directorships in Listed Companies:**
Nil

**Past Directorships in Listed Companies:**
Nil

**Other Commitments:**
Nil

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

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

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

# BOARD OF DIRECTORS

## DAVID LEOW
*Lead Independent Director*

**Date of First Appointment to the Board:**
17 September 2021

**Date of Last Re-election to the Board:**
25 April 2023

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

**Present Directorships in Listed Companies:**
Nil

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

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

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

Currently, David is the Managing Director of Thaler Global Pte. Ltd, where he advises companies on capital market activities and corporate strategy, which may involve taking senior management roles with clients. He is the Chief Financial Officer of Ufinity Group Pte. Ltd., a software company that develops enterprise class software and a Non-Executive Director of MEC Asia Fund, CAP Management Limited and Chartered Accountants of Australia and New Zealand (Singapore) Private 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.

## STEVEN PETERSOHN
*Independent Director*

**Date of First Appointment to the Board:**
17 September 2021

**Date of Last Re-election to the Board:**
25 April 2023

**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:**
- Advanced Energy Minerals Limited – Executive Director

Mr Steven Petersohn is an American businessman based in Hong Kong. After graduating from Stanford University in California, he worked in various business development roles for a diversified global trading company. Subsequently, Steven started a trade finance business in New York before moving over to the securities industry. He was hired by Jefferies & Company with a mandate to establish and build their first business in Asia and then moved to Morgan Stanley where he held several executive positions in both equities and fixed income.

After 10 years at Morgan Stanley, Steven went to the buy side with LIM Advisors where he co-managed a Special Situations fund. Since leaving LIM, Steven has been a principal in an emerging markets private equity business and a financial advisory business specializing in restructurings and turnarounds. He served as Finance Director for Advanced Energy Minerals Limited, a leading manufacturer of high purity alumina and remains on their board as an Independent Non-Executive Director.

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

# BOARD OF DIRECTORS

## HENRY TAN
*Independent Director*

**Date of First Appointment to the Board:**
17 September 2021

**Date of Last Re-election to the Board:**
24 April 2024

**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
- Penguin International Limited – Independent Director

**Past Directorships in Listed Companies:**
- YHI International Limited – Independent Director
- China New Town Development Co., Ltd. – Independent Director
- Dyna-Mac Holdings Ltd. – Independent Director

**Other Commitments:**
- CLA Global TS Group – Group Chief Executive Officer & Chief Innovation Officer
- 2T Investment Holdings Pte Ltd – Director
- Alpha Singapore – Director
- The Methodist Church of Singapore – Director
- NTS Myanmar Co. Ltd. – Director
- Methodist Preschool Services Pte. Ltd. – Director
- Cru Asia Limited – Director
- The Anglo-Chinese Schools Foundation Limited – Director

Mr Henry Tan is the Group CEO & Chief Innovation Officer of CLA Global TS Group and Director of the global board of CLA Global Limited. He was previously the Asia Pacific Regional Chairman and board member of Nexia International.

Henry currently sits as an independent director on the boards of Asia Vets Holdings Ltd, BH Global Corporation Limited and Penguin International Limited, companies listed on the SGX.

He is a member of Working Committee 2 of the ASEAN Federation of Accountants. a member of The Green Skills Committee's Sub-Workgroup on Sustainability Reporting and Assurance and a member of Certification & Disciplinary Working Group ("**CDWG**"). He is also a Council Member of Singapore- Jiangsu Cooperation Council ("**SJCC**"). He was previously on the EXCO and served as Treasurer of Singapore Fintech Association and ASEAN Federation of Accountants, President of Spirit of Enterprise, Chapter President of Entrepreneurs' Organisation, Council Member of Institute of Singapore Chartered Accountants ("**ISCA**") and Chairman of Nanyang Business School Alumni Advisory Board.

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

## MARK FUKUNAGA
*Non-Executive Director*

**Date of First Appointment to the Board:**
10 August 2023

**Date of Last Re-election to the Board:**
24 April 2024

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

**Present Directorships in Listed Companies:**
- Matson Inc. – Non-Executive Director

**Past Directorships in Listed Companies:**
Nil

**Other Commitments:**
- Servco Pacific Inc. – Executive Chairman
- Fender Musical Instrument Corporation – Board Chairman & Director
- Servco Subaru, Inc. – Board Chairman & Director
- Minerva Management Inc. – Board Chairman & Director
- Servco Foundation – Board Chairman
- Fukunaga Scholarship Foundation – Trustee
- Children's Discovery Center – Director
- Punahou Schools – Trustee
- KCAA Preschools of Hawaii – Trustee
- Honolulu Museum of Art –Trustee
- Hawaii Business Roundtable – Board Chairman
- McInerny Foundation – Board Member

Mr Mark Fukunaga is the Executive Chair of Servco Pacific Inc., Honolulu, Hawaii, a company founded by his grandfather in 1919. Prior to his current appointment, he was its Chairman and CEO from March 1994 to 30 September 2023.

Mark brings to the Board extensive operating experience in automotive distribution and retailing, musical instruments and e-learning, and investments in venture capital and private equity, and leadership skills. He has extensive business experience in the U.S. Pacific Northwest, Asia and the Pacific Rim.

Mark graduated from Pomona College with a Bachelor of Arts degree in 1978 and obtained a Juris Doctorate degree from The University of Chicago Law School in 1982. He was admitted to the New York Bar Association and the Hawaii Bar Association in 1983 and 1988 respectively.

# KEY MANAGEMENT

**FRANCIS TJIA**

Executive Chairman and Chief Executive Officer

**MICHAEL CHEUNG**

Executive Director and Chief Financial Officer

**RAYMOND WOO**

Chief Operating Officer (Premium Luxury)

## FRANCIS TJIA
*Executive Chairman and Chief Executive Officer*

Please refer to page 16 for Francis's Bio

## MICHAEL CHEUNG
*Executive Director and Chief Financial Officer*

Please refer to page 16 for Michael's Bio

## RAYMOND WOO
*Chief Operating Officer*

Mr Raymond Woo was appointed as Chief Operating Officer (Premium Luxury) in December 2015 and has been responsible for the overall day-to-day operations of the McLaren and Genesis businesses. With the retirement of Roger Chan, COO of the BMW division, Raymond has taken over the management of all the brands under TCA starting from 1 January 2025.

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

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

# INVESTOR RELATIONS

## DIVIDEND POLICY

The Group currently does not have a dividend policy. However, in its first year as a listed company, it paid a dividend of RMB0.0257 per ordinary share, representing a payout ratio of 12.1% for FY2021 and for FY2022, the Company paid a final dividend of RMB0.0068 per ordinary share, representing a payout ratio of 19.0%. For FY2023 and FY2024, to conserve cash, no dividend was proposed.

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 with the requirements of the Catalist Rules.

## OBJECTIVES

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

## INVESTOR RELATIONS POLICY

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

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

Investors can channel all queries to: info@tca-auto.com.

## INVESTOR ENGAGEMENTS

In line with our commitment to engage the financial and investment communities, we intend to conduct half yearly results briefings as well as participate in institution-initiated investor events, non-deal roadshows and retail seminars conducted by financial associations.

## INVESTOR ACTIVITIES IN FY2024 AND FY2025

| | |
|---|---|
| **February 2024** | FY2023 Results Announcement |
| **March 2024** | FY2023 Results Briefing |
| **April 2024** | 3rd Annual General Meeting |
| **May 2024** | 1Q2024 Business Update |
| **August 2024** | 1H2024 Results Announcement and Briefing |
| **November 2024** | 3Q2024 Business Update |
| **February 2025** | FY2024 Results Announcement |

## TENTATIVE FINANCIAL CALENDAR FOR FY2025*

| | |
|---|---|
| **April 2025** | 4th Annual General Meeting |
| **May 2025** | 1Q2025 Business Update |
| **August 2025** | 1H2025 Results Announcement |
| **November 2025** | 3Q2025 Business Update |
| **February 2026** | FY2025 Results Announcement |

* Subject to change

# SUSTAINABILITY REPORT

## ABOUT THIS REPORT

**Reporting Scope and Period**

Trans-China Automotive Holdings Limited ("**TCA**" or the "**Company**", and together with its subsidiaries, the "**Group**") is pleased to share its fourth sustainability report, which provides an account of the Group's environmental, economic, social and governance ("**ESG**") progress and performance for the financial year ended 31 December 2024 ("**FY2024**") as compared to the same period a year ago ("**FY2023**"). This report outlines the sustainability strategies and ambitions across our operations in China, where the Group's customers and business activities are mainly located.

**Reporting Framework**

This report has been prepared with reference to the Global Reporting Initiative ("**GRI**") Standards 2021. It also complies with the sustainability reporting requirements of Rules 711A and 711B of the Singapore Exchange Securities Trading Limited ("**SGX-ST**") Listing Manual on a "comply or explain" basis. In addition, we have integrated the United Nations Sustainable Development Goals ("**SDGs**") into our materiality process to reflect TCA's commitment to sustainable development.

Although mandatory climate-related disclosures under the S1 and S2 standards published by the International Sustainability Standards Board ("**ISSB**") will only take effect for all listed issuers from FY2025, we have adopted the IFRS Sustainability Disclosure Standards ("**IFRS SDS**") for climate-related reporting in this report. This is in preparation for upcoming changes in the Listing Rules for ISSB-aligned climate reporting and future legislative mandate.

As this is our first year adopting the IFRS SDS, we may not have comparative information for the previous financial year. Under such circumstances, the prior year's information, which was reported with reference to the GRI Standards, has been used for comparability purposes. As part of the ISSB reporting initiation, we incorporated recommendations set out by the Task Force on Climate-related Financial Disclosures ("**TCFD**").

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

**Reporting Process**

We apply GRI's reporting principles to identify, prioritise and validate material topics and their boundaries for reporting. We have observed the reporting principles established by the GRI Standards and adopted its principles of accuracy, balance, clarity, comparability, completeness, sustainability context, timeliness, and verifiability in preparing this report. This report reporting process had been internally reviewed by independent internal auditor.

# SUSTAINABILITY REPORT

**Restatements**

This report includes restated carbon emissions data for FY2023 to bring it to alignment with the latest recommended emission factors. Scope 1 and 3 emissions have been recalculated using updated factors recommended by the UK DEFRA[1], while Scope 2 emissions have been revised based on factors from the Carbon Database Initiative. As a result, the total greenhouse gas emissions in FY2023 have been revised from 3,787.36 metric tonnes of $CO_2e$ to 5,202.39 metric tonnes of $CO_2e$, an increase of 37.4% from the originally reported figure. For the breakdown of the emissions, please refer to page 41 of the Sustainability Report.

**External Assurance**

While we have not obtained external assurance for this report, we have relied on internal audits to verify the accuracy of our data and our compliance with the relevant policies and internal controls, and have reported them in good faith and to the best of our knowledge.

**Accessibility**

This report is included as part of our Annual Report 2024. An electronic version of this report is available for download on our website at https://tca-auto.com and the SGX-ST website at www.sgx.com.

**Feedback**

We welcome stakeholders to submit their queries and feedback on any aspect of our sustainability performance to info@tca-auto.com.

1 The UK Department for Environment, Food and Rural Affairs (DEFRA) emission factors are widely recognised and often used by organisations for estimating GHG emissions. The UK DEFRA factors are updated annually.

# SUSTAINABILITY REPORT

## BOARD STATEMENT

As a leading automobile dealership group in the premium segment, TCA is fully committed to uphold high corporate governance standards across our operations. We believe adopting this stance will drive value for our Group and our stakeholders in the long term.

The Board of Directors ("**Board**"), as the highest governing body, oversees the overarching sustainability framework and its associated issues, risks, opportunities and stakeholder expectations. The Board then ensures that these factors are integrated into the Group's daily operations. Supported by the management team, the Board identifies material ESG factors and monitors the progress against goals and targets that have been established.

With climate change being one of the most pressing challenges of our time, embedding sustainability into our business model and strategies is essential for building resilience and future-readiness. As the ESG landscape evolves, we aim to continuously improve and align our reporting efforts with such changes.

In FY2023, we disclosed our Scope 1, 2 and 3 greenhouse gas ("**GHG**") emissions referencing the TCFD framework, ahead of its mandatory application for the transport industry in FY2024. This year, we have further refined and will progressively expand our climate disclosures, referencing from the ISSB S1 and S2 disclosures even though the application of the IFRS SDS is not yet mandated in Singapore. These proactive measures not only prepare us for any future legislative requirements, but also presents us with opportunities to gain a competitive edge in the market by demonstrating our commitment to transparency and accountability.

On that note, we are also pleased to report that in FY2024, TCA did not have any significant compliance or regulatory issues, and the Group was not subject to any regulatory-related penalties. This underscores our commitment to best practices in corporate governance, ethical business dealings and strict adherence to regulatory requirements.

On all other fronts, the Board continues to implement strategies, policies and initiatives that prioritise sustainability and contribute to meaningful, long-term benefits for our society and environment.

This report has been reviewed and endorsed by the Board. In closing, we would like to thank all stakeholders for your continued support and partnership in TCA's sustainability journey.

**FRANCIS TJIA**
**Executive Chairman and Chief Executive Officer**

# SUSTAINABILITY REPORT

## PERFORMANCE HIGHLIGHTS

| ESG FACTORS | FY2024 | | FY2023 | |
|---|---|---|---|---|
| **Economic (RMB' million)** | | | | |
| Revenue | 2,554.5 | | 3,455.5 | |
| Gross (Loss)/Profit | (20.0) | | 60.7 | |
| (Loss)/Profit for the Year | (103.4) | | (91.6) | |
| Dividend to Shareholders | Nil | | Nil | |
| **Social** | | | | |
| Turnover Rate | 28% | | 28% | |
| Male vs. Female | 59% vs 41% | | 60% vs 40% | |
| Average Training Hours | 6.69 | | 10.64 | |
| **Governance** | | | | |
| Non-compliance and Regulatory Breaches | Zero | | One | |
| Corruption and Fraud | Zero | | Zero | |
| Data Security Breaches | Zero | | Zero | |
| **Environmental** | | | | |
| Scope 1 GHG emissions (t $CO_2$e) | 403.52 | | 482.12 | |
| Scope 2 GHG emissions (t $CO_2$e) | 4,346.93 | | 4,286.00 | |
| Scope 3 GHG emissions (t $CO_2$e) | 414.17 | | 434.27 | |
| Water Consumption (tonnes) | 47,051 | | 35,903 | |
| Natural Gas Consumption ($Nm^3$) | 80,515 | | 86,360 | |
| Electricity Consumption (kWHr) | 6,578,279 | | 6,486,082 | |
| Fuel (litres) | 86,677 | | 110,864 | |
| | **Usage per unit sold[1]** | **Usage per unit repaired[2]** | **Usage per unit sold[3]** | **Usage per unit repaired[4]** |
| Emission (Scope 1 and 2) intensity | 0.67 | 0.04 | 0.54 | 0.04 |
| Emission (Scope 3) intensity | 0.06 | 0.003 | 0.05 | 0.004 |
| Water consumption intensity | 6.65 | 0.39 | 4.04 | 0.29 |
| Natural gas consumption intensity | 11.38 | 0.67 | 9.71 | 0.71 |
| Electricity consumption intensity | 929.79 | 54.64 | 729.02 | 52.97 |
| Fuel consumption intensity | 12.25 | 0.72 | 12.46 | 0.91 |

1 Based on a total of 7,075 units delivered, including new and pre-owned car sales, and cars delivered under the agency arrangement in FY2024.
2 Based on a total of 120,396 throughput units in FY2024.
3 Based on a total of 8,897 units delivered, including new and pre-owned car sales, and cars delivered under the agency arrangement in FY2023.
4 Based on a total of 122,444 throughput units in FY2023.

# SUSTAINABILITY REPORT

## OUR APPROACH TO SUSTAINABILITY

**Sustainability Governance Structure**

TCA's Board has the overall responsibility in the Group's ESG strategy, including climate-related decisions. ESG matters are reviewed quarterly at Board meetings to ensure proper management of our ESG impacts, as well as integration of sustainability issues, risks and opportunities into the organisation's risk management framework. The Board is also responsible for approving necessary resources for any climate-related initiatives.

Board members are required to undergo sustainability trainings organised by the Singapore Institute of Directors to keep abreast of the latest sustainability issues. and practices. This ensures that all Board members have the relevant skills and knowledge to oversee sustainability-related matters.

The Board is supported by a sustainability team (the "**Sustainability Team**") responsible for identifying the Group's material ESG factors, including climate-related metrics and targets. The Sustainability Team comprises representatives from various departments who work together to formulate, implement and manage ESG-related policies and practices that are relevant to their respective departments. Through a materiality assessment, the Sustainability Team assesses and manages climate-related risks and opportunities, overseeing the development of the Group's decarbonisation strategy, as well as efforts to realise climate opportunities.

The Sustainability Team is also responsible for collecting, collating and reporting monthly sustainability performance data, including climate-related performance data. This enables us to track and evaluate our progress against established targets and goals, and identify areas for improvement effectively.

The Sustainability Team provides regular reports and feedback to the senior management who will then report to the Board. To encourage a strong sense of ownership among our staff, the Group's sustainability goals and objectives are shared and communicated throughout the organisation.

**Roles and Responsibilities**

BOARD OF DIRECTORS

SENIOR MANAGEMENT

SUSTAINABILITY TEAM

STAFF

**Strategic Directions**
Regular engagement with various stakeholders to understand and identify concerns, risks and impacts. Formulate strategies and plans to manage the identified material topics

**Performance Goals**
Determine relevant ESG performance goals, monitor progress regularly and manage reporting framework and system for these goals

**Action Steps**
Implement and execute strategies and plans enforced by the Board and Sustainability Team

# SUSTAINABILITY REPORT

## STAKEHOLDERS

We strive to forge meaningful relationships with all our stakeholders as each plays an essential part in shaping our business strategy. As such, we actively engage our stakeholders to better understand their concerns and expectations through various activities and through an open channel for feedback. These initiatives enable us to make informed business decisions and build long lasting trusted connections with our stakeholders.

Stakeholders are identified and categorised based on their impact on our business or the interests that they have in our operations. We have identified our key stakeholders as customers, business partners, employees, investors, shareholders, analysts, media, regulatory bodies, and communities.

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

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

# SUSTAINABILITY REPORT

## MATERIALITY

Our materiality assessment process begins with identifying topics with the most significant economic, environmental and social impacts associated with our business operations. In defining our material topics, we considered internal and external factors such as the company's policies and strategies, broader economic, environmental and/or social topics and concerns raised by stakeholders, legislative requirements, customer preferences, sustainability trends as well as key challenges that are peculiar to the luxury car dealership industry.

Performance targets that are aligned with our strategy are established to track the progress of our material ESG topics. This is especially important for environmental topics that we have found to rank high based on the severity of their impact and likelihood of occurrence, along with the magnitude of their associated risks and opportunities.

The Board reviews and approves our material ESG topics for reporting annually. The list of material topics that were reported in FY2024 remained unchanged from FY2023.

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

| Material Topic | Impact and Relevance | Approach and Implementation | Relevant Standards & Benchmarks |
|---|---|---|---|
| **Economic** | | | |
| Financial Performance | Our financial performance is presented through a wide range of metrics such as revenue and income, cash flows, debt and capital management. This enables different stakeholder groups to extract the relevant information they require to assess our performance based on different financial metrics. | Our overarching principle is to ensure strategic and prudent implementation of our expansion and acquisition plans to boost our income streams, ensure sustainable growth and maintain consistent financial performance.<br><br>Our financial performance targets are translated to key performance indicators ("**KPIs**") that are shared and communicated with the subsidiaries' management teams and then to the individuals responsible.<br><br>The KPIs are tracked on a monthly basis from which their remuneration is based on. These frequent and regular reviews ensure our team members are clear on performance expectations and their progress towards meeting them.<br><br>We adopt best accounting practices and adhere to reporting guidelines recommended by the Monetary Authority of Singapore ("**MAS**") and SGX-ST. | GRI 201: Economic Performance 2016<br><br>8 DECENT WORK AND ECONOMIC GROWTH<br><br>8.2 Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation, including through a focus on high-value-added and labour-intensive sectors. |

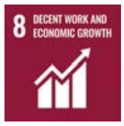
# SUSTAINABILITY REPORT

| Material Topic | Impact and Relevance | Approach and Implementation | Relevant Standards & Benchmarks |
|---|---|---|---|
| **Environmental** | | | |
| GHG Emissions | The increased frequency and intensity of rising temperatures and severe weather conditions have the potential of disrupting services and damaging our facilities. In tandem with the global transition to a low-carbon economy, we continue to adopt appropriate climate change solutions. | We keep abreast of climate-friendly mobility options and incorporate sustainable features where feasible in our facilities to reduce our carbon footprint from our core activities and business practices.<br><br>We delegate the responsibility of minimising energy, waste and water usage, which form the basis of GHG emissions, to our store management and monitor the usage centrally. The usage costs are reviewed and discussed at the monthly review.<br><br>Regular monitoring and reviews ensure team members and management are aware of any issues such that timely rectification can be made. We also conduct regular maintenance checks on our equipment to optimise energy efficiency at our workshops. | GRI 305: Emissions 2016<br><br>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.<br><br>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.<br><br>13.1 Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries. |
| Energy and Water Conservation | As China is our main market of operations, we align our efforts with the Chinese government's aggressive environmental goals for energy and water conservation. Besides cost savings, conserving energy and water reduces our environmental footprint that can help in combating climate change. | We conserve and manage energy consumption by utilising energy-saving light bulbs in our showrooms. Some of our showrooms are also designed to maximise the use of natural light to lower energy usage with the goal of mitigating climate-related risks.<br><br>We delegate the responsibility of minimising the energy and water usage to our store management. This is monitored centrally and usage costs are reviewed and discussed at the monthly review. | GRI 302: Energy 2016<br>GRI 303: Water and Effluents 2018<br><br>6.4 By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable withdrawals and supply of freshwater to address water scarcity and substantially reduce the number of people suffering from water scarcity.<br><br>7.3 By 2030, double the global rate of improvement in energy efficiency. |

# SUSTAINABILITY REPORT

| Material Topic | Impact and Relevance | Approach and Implementation | Relevant Standards & Benchmarks |
|---|---|---|---|
| Waste Management | Proper management of waste will help reduce environmental impacts and carbon emissions. | We employ proper treatment and disposal of waste as required by the China laws.<br><br>We delegate the responsibility of minimising waste to our store management and monitor centrally. The usage costs are reviewed and discussed at the monthly review.<br><br>We comply with environmental standards and laws in China and hire professional waste disposal companies to properly dispose biodegradable waste from our workshops.<br><br>We reduce unnecessary printing of materials, reuse and recycle paper.<br><br>Digitalisation of processes to reduce paper use. | GRI 306: Waste 2020<br><br>12.2 By 2030, achieve the sustainable management and efficient use of natural resources.<br><br>12.5 By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse. |
| **Social** | | | |
| Employment | The ability to attract and retain talented and skilled people to drive operational performance is one of our key pillars to sustainable business growth. | We adopt fair employment practices and select candidates based on merit and skills required for the job, regardless of age, gender, ethnicity and religion.<br><br>All new hires undergo a new employee induction process where the Human Resources ("**HR**") department will provide an employee handbook to cover policies on fair and equal treatment and safe work environment.<br><br>We conduct formal performance evaluation on our entire team annually. The results are shared with line managers, department managers, store managers and group office managers. Formal performance reviews and informal feedback sessions facilitate job performance alignment between the employee and their managers. It also allows timely remedial action such as additional training or job shadowing.<br><br>We ensure there are relevant training programmes in place to develop and maximise their potential. | GRI 401: Employment 2016<br>GRI 404: Training and Education 2016<br>GRI 405: Diversity and Equal Opportunity 2016<br><br>4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship.<br><br>8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.<br><br>8.6 By 2020, substantially reduce the proportion of youth not in employment, education or training. |

# SUSTAINABILITY REPORT

| Material Topic | Impact and Relevance | Approach and Implementation | Relevant Standards & Benchmarks |
|---|---|---|---|
| Health and Safety Measures | The pandemic has emphasised the importance of health and safety protocols in our operations, working environment and respective communities.<br><br>Safety at showrooms and workshops will also help minimise onsite accidents. | We have stepped up our health and safety measures at our offices, showrooms and workshops, to ensure safety for our staff and for our customers.<br><br>Our HR and Administrative departments at the various locations oversee the compliance with work safety standards. | GRI 403: Occupational Health and Safety 2018<br><br><br><br><br>8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment. |
| Customer Satisfaction | The ability to create value and satisfactory customer experiences through excellent customer service is paramount to attract new customers and retain existing ones. | We are committed to delivering high-quality products and services that exceed customer expectations.<br><br>We aim to provide a holistic customer experience that begins from our showrooms, offering test drives to after-sales services, as well as regular networking, marketing and promotional activities.<br><br>Our customer relations team conduct post transaction surveys through phone calls and online surveys. These follow-up activities stress the importance of customer satisfaction to our team members but also serve as a feedback mechanism for our team to improve the customer service experience. The results of these surveys are shared with the executive management team on a monthly basis. | GRI 416: Customer Health and Safety 2016<br>GRI 418: Customer Privacy 2016<br><br><br><br><br>16.3 Promote the rule of law at the national and international levels and ensure equal access to justice for all.<br><br>16.10 Ensure public access to information and protect fundamental freedoms, in accordance with national legislation and international agreements. |

# SUSTAINABILITY REPORT

| Material Topic | Impact and Relevance | Approach and Implementation | Relevant Standards & Benchmarks |
|---|---|---|---|
| **Governance** | | | |
| Regulatory Compliance | As a listed company, we are required to comply with the SGX-ST listing rules and regulations, as well as the laws and regulations of the host countries where our operations are located. Non-compliance may impact the company's reputation and financial performance and disrupt operations. | We adopt a zero-tolerance stance towards regulatory breaches.<br><br>All employees undergo an induction process and are provided with an employee handbook when hired. During induction, we highlight the adherence to local laws and regulations.<br><br>We adhere to a code of conduct that outlines the standard of conduct and proper practices to safeguard the reputation of the company. | GRI 2-27: Compliance with laws and regulations<br>GRI 205: Anti-Corruption 2016<br><br>16 PEACE, JUSTICE AND STRONG INSTITUTIONS<br><br>16.5 Substantially reduce corruption and bribery in all their forms.<br><br>16.6 Develop effective, accountable and transparent institutions at all levels. |

# SUSTAINABILITY REPORT

## ECONOMIC

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

Despite the macroeconomic challenges that negatively impacted our financial performance in FY2024, we remain committed to improving our profitability and delivering sustainable long-term value for all our shareholders and stakeholders.

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

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

### OUR ECONOMIC PERFORMANCE

Prolonged headwinds primarily driven by escalating costs, rising inflation and a high interest rate environment continued to create a tough environment for our business. As a result, the Group suffered a net loss in FY2024. With the economic environment in China expected to continue to remain soft in the near term, we will continue to adopt prudent financial and cost control measures, maintain a healthy balance sheet and focus on returning to a profitable position.

For further details of the Group's financial performance, please refer to the following sections for in Annual Report 2024:

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

| Revenue: | Gross Loss: | Net Loss: |
|---|---|---|
| **2,554.5** | **(20.0)** | **(103.4)** |

| Target for FY2024 | Performance in FY2024 | Target for FY2025 |
|---|---|---|
| • Maintain consistent financial performance and growth | • Refer to the Audited Financial Report section of the Annual Report 2024 | • Maintain consistent financial performance and growth |

# SUSTAINABILITY REPORT

## ENVIRONMENTAL

In recent years, the impact of climate change has become increasingly catastrophic with rising temperatures and severe weather conditions bringing widespread disruptions to ecosystems, agriculture, communities and businesses. As the frequency and intensity of these events continue to escalate, there is an urgency for global mitigative actions.

As part of our environmental stewardship commitments, TCA is committed to reduce GHG emissions in our business activities and to work towards building climate resilience across our operations. We proactively implement policies and procedures that will help us achieve our key environmental goals, including reducing energy and water consumption, proper waste management and air pollution control.

## TCFD REPORT

### Governance Structure

Based on the TCFD framework, the Board identifies, considers and evaluates the Group's potential climate-related risks and opportunities. The Board reviews and approves the Group's sustainability considerations and ensures that proper strategies are implemented to address our ESG impacts. Climate matters are discussed at board meetings which are held once every quarter, these discussions form the basis for annual business planning and the budgeting process.

The Board is supported by a Sustainability Team that is responsible for formulating, implementing and managing the plans and procedures related to climate. Specific targets and metrics are set to keep track of the progress towards the climate goals which the Company has established. The Sustainability Team provides regular updates and feedback to the Board on the Company's climate-related performance and areas for improvement.

Further details regarding our sustainability governance structure can be found under the section titled "Our Approach to Sustainability" in page 25. We are committed to continuously refining our sustainability governance structure, including seeking external expertise when necessary to enhance its effectiveness.

### Strategy

Our objective is to be a business that is climate-resilient and future-ready. We actively explore climate-related opportunities that are in line with the global target to transition to a lower-carbon economy by 2030 and a net-zero standard by 2060. At the same time, we are committed to effectively manage our climate-related risks to ensure long-term sustainability and resilience.

# SUSTAINABILITY REPORT

**Scenario Analysis**

In identifying the impact of various climate risk and opportunities on our operations, we applied scenario analysis as a tool for strategic planning and risk management. We selected two climate scenarios to assess the resilience of our business. The table below summarises the scope of our scenario analysis.

| Scenario | Paris-aligned scenario (Below 2°C) | No mitigation scenario (4°C) |
|---|---|---|
| Rationale | We selected this scenario to assess the transition risks related to the shift to a lower-carbon economy. It reflects actions taken to limit global warming to under 2°C. | We selected this scenario to assess the physical impacts under a high-emission scenario, with limited policy changes to reduce emissions. It reflects no mitigating actions taken which results in an increase of 4°C in average global temperatures. |
| Underlying model | International Energy Agency's Sustainable Development Scenario ("**IEA SDS**") | Intergovernmental Panel on Climate Change ("**IPCC**") Representative Concentration Pathway 8.5 |
| Used to analyse | Transition risks | Physical risks |
| Timeframe | • Short term: 1 – 2 years<br>• Medium term: 2030<br>• Long term: 2050 | |

**Climate-Related Risks and Opportunities**

Based on the above scenarios, we identified the following risks and opportunities, as well as their impact on our business should the scenarios materialise. This list is not exhaustive, and we will continue to deepen our understanding of these risks and strengthen our responses to them.

| Climate-Related Transition Risks | Potential Financial Impacts | Mitigating Measures |
|---|---|---|
| **Policy and Legal** | | |
| • Carbon pricing<br><br>**Time horizon:**<br>Medium to long-term | • Although China does not have a carbon tax on the automobile sector at this time, regulatory changes such as the potential inclusion of the automobile sector to the national Emissions Trading System could impose financial costs in the future<br>• Increased operational costs due to energy and fuel price increase from carbon pricing<br>• Increased expenses and potential revenues from carbon allowances and credits | • Invest in energy-efficient technologies to enhance energy efficiency and reduce carbon emissions<br>• Potentially install solar panels to tap into renewable energy<br>• Include carbon-related costs in long-term budgeting to mitigate any sudden financial impacts |

# SUSTAINABILITY REPORT

| Climate-Related Transition Risks | Potential Financial Impacts | Mitigating Measures |
|---|---|---|
| • Enhanced emissions reporting obligations<br>• Mandates and regulation on existing products<br>• Exposure to litigation<br><br>**Time horizon:**<br>Short to long-term | • Increased operating costs such as higher compliance costs<br>• Some capital investments and expenditures to meet compliance requirements<br>• Write-offs and/or asset impairment of existing assets due to policy changes<br>• Reputational risks and pressures to align with climate-related regulations<br>• Potential fines, penalties and loss of business opportunities | • Attend training programmes to stay updated on any emerging regulation and/or reporting requirement<br>• Commit to transparent climate reporting to track progress on climate goals to build credibility with stakeholders<br>• Internal audit to ensure continuous compliance<br>• Prioritise investments based on regulatory timelines and stagger capital expenditure to align with compliance deadlines and spread costs<br>• Allocate resources to research and development of sustainable technologies that support regulatory changes and reduce long-term operational costs |
| **Technology** | | |
| • Changing technologies to address climate related impacts<br>• Substitution of existing automobiles to hybrid or electric vehicles<br><br>**Time horizon:**<br>Medium to long-term | • Capital investments into environmentally-friendly technology<br>• Increased expenditure on research and development and infrastructure costs<br>• Write-offs and/or early retirement of existing assets<br>• Capital loss due to reduction in capital availability | • Monitor and switch gradually to greener and lower-emission technologies over to spread out investment costs<br>• Regular management meetings to discuss changes in the external environment such as trends, customer needs and expectations<br>• Utilise financial instruments to minimise financial risks |
| **Market** | | |
| • Changing consumer trends and stakeholder expectations<br><br>**Time horizon:**<br>Medium to long-term | • Lose out to competitors who provide greener alternatives<br>• Reputational risks and pressures to align with climate-related trends and expectations<br>• Inability to respond to trends and stakeholder expectations may result in potential loss of revenue | • Emphasise on sustainability initiatives and certifications to build a strong green brand image<br>• Explore collaborations with industry partners to drive adoption of sustainable practices<br>• Enhance our after-sales services segment with personalised follow-ups, proactive maintenance and exclusive benefits to strengthen customer loyalty |

# SUSTAINABILITY REPORT

| Climate-Related Transition Risks | Potential Financial Impacts | Mitigating Measures |
|---|---|---|
| • Market transition to alternative and renewable energy<br><br>**Time horizon:**<br>Medium to long-term | • Abrupt and unexpected shifts in energy costs<br>• Potentially higher capital expenses to adopt resource-efficient fixtures and fittings<br>• Potentially higher capital investments necessary to transition to greener alternatives | • Emphasise the need to reduce emissions and air pollution in our supply and logistics chain<br>• Adopt a strategy for gradual transition by conducting risk assessments, prioritising high-impact areas and investing in phases to manage costs and ensure steady transition toward sustainability<br>• Leverage on new opportunities to develop new markets |
| **Reputation** | | |
| • Increased stakeholder concern or negative stakeholder feedback<br><br>**Time horizon:**<br>Short to long-term | • Reduced revenue from decreased demand for goods and services<br>• Reduction in capital availability | • Strengthen relationships with existing customers through engaging marketing activities and initiatives, personalised services to provide a tailormade customer experience<br>• Work with staff and stakeholders to encourage environmental sustainability across our supply chain |

| Climate-Related Physical Risks | Potential Impacts | Mitigating Measures |
|---|---|---|
| Acute<br>• Increased severity of extreme weather conditions such as floods, storms and wildfires<br><br>Chronic<br>• High frequency and intensity of heatwaves and extreme precipitation events<br><br>**Time horizon:**<br>Short to long-term | • Lower revenue from decreased sales and demand of products and services and reduced employee productivity<br>• Higher operating costs such as utilities bills to maintain indoor temperature and insurance premiums for climate-related events such as flooding<br>• Higher capital costs due to damage to facilities and other physical assets<br>• Affected logistics and transportation schedule for customers<br>• Prolonged products and services delivery | • Insure against potential damage and economic loss resulting from climate-related catastrophes<br>• Enhance business continuity plan and framework to ensure the business can continue operating under extreme weather conditions<br>• Regular inspection and maintenance of workshop area and safety equipment to identify issues and rectify immediately |

| Climate-Related Opportunities | Management's Response |
|---|---|
| Resource Efficiency<br>• Potential cost savings from employing energy efficiency fixtures and fittings in our facilities<br><br>**Time horizon:** Medium to long-term | • The Group will progressively incorporate green and sustainable design features across all our dealerships. To date, two of our BMW dealerships are designed with eco-friendly features to maximise use of natural light to reduce energy consumption |
| Energy Source<br>• Increased energy resilience and reduce exposure to GHG emissions<br>• Returns on investment in low-emission technology, such as energy storage and renewable energy systems<br>• Opportunities to invest in carbon offset initiatives to enhance sustainability credentials<br><br>**Time horizon:** Short to long-term | • Explore investing in solar panels to enhance energy efficiency and reduce long-term utilities costs<br>• Purchase Renewable Energy Certificates ("**RECs**") to underscore the company's commitment to renewable energy use and support the transition to a low-carbon economy |
| Products and Services<br>• Improve competitive position and capitalise on shifting consumer preferences<br>• Opportunity for a new revenue stream from greener products and services that are innovative and cost / energy saving<br>• Opportunities to sign on new OEMs that offer green products and services<br>• Increased demand for maintenance and after-sales services which may lead to more revenue for after-sales segment<br><br>**Time horizon:** Medium to long-term | • In early 2022, the Group started distributing the Genesis brand vehicles, a luxury automotive electric vehicle line known for its innovative and cutting-edge technology<br>• As the exclusive Genesis partner in Guangzhou and Changsha, we are actively promoting sustainable transport options in these regions to cater to the growing green mobility demand |
| Markets<br>• Increased capital availability via green financing<br><br>**Time horizon:** Medium to long-term | • Establish internal frameworks and capabilities to meet green financing criteria, ensuring readiness to secure sustainable funding options when needed in the future |

**Resilience**

The global transition to a low-carbon economy presents both challenges and opportunities. Under both the IEA SDS and IPCC scenarios, TCA is committed to advancing our sustainable efforts by integrating low-emission technologies, adapting to the rapid decarbonisation trends, improving energy efficiency and integrating sustainable practices across our value chain.

As we navigate this evolving landscape, TCA will continue to conduct vulnerability assessments to identify high impact areas from physical climate impacts such as flooding, extreme heat, and supply chain disruptions, as well as transition risks. We endeavour to strengthen our business continuity planning to mitigate and plan for adverse physical risk conditions.

This climate scenario assessment forms the basis of our carbon reduction targets, and we will continue to refine our data collection and analysis processes for the preparation of future sustainability reports.

# SUSTAINABILITY REPORT

## Risk Management

A robust risk management system is paramount to safeguard the interests of the Group and foster trust with our stakeholders.

As we continuously review our risk management processes to ensure they align with the evolving industry standards and regulatory requirements, the Group will redesign its risk management framework to better align with relevant standards and requirements. The Group is guided by the climate-related risk management frameworks provided by our OEMs, which is based on industry best practices in risk management. Many of these are potential climate-related risks that have direct impact on our OEMs, which means they have indirect impact on TCA's business. We will further refine our framework to enhance resilience and adaptability in response to evolving risks.

At the Board level, the climate risk assessment is conducted by considering the existing regulatory environment against major environmental threats that have been identified with the help of both internal and external sources. The methodologies employed for risk identification include a risk screening that assesses both physical and transition risks, scenario analysis that evaluates the potential risks under various climate scenarios, as well as through stakeholder engagement. Identified climate-related risks are then evaluated and mitigative measures are put in place to ensure that they remain within our risk appetite and within acceptable levels.

We mapped out the key risks that have the potential to significantly affect our business over the short, medium and long terms and according to severity of impact. The results of the climate risk assessment allow us to allocate resources effectively and implement strategies accordingly, which are managed as part of our enterprise risk management framework.

| | | PROBABILITY | | |
|---|---|---|---|---|
| | | Low | Medium | High |
| IMPACT | High | Urgent | Critical | Critical |
| | Medium | Pre-emptive | Urgent | Critical |
| | Low | Pre-emptive | Pre-emptive | Urgent |

## Metrics and Targets

Based on our material topics, we have established key metrics to measure and monitor our environmental performance, including our Scope 1, 2 and 3 emissions, summarised in the table below. TCA reports these metrics and respective targets on an annual basis to provide insights into our performance over time.

| Metric | Unit |
|---|---|
| GHG Emissions (Scope 1, 2 and 3) | t $CO_2e$ |
| Total GHG Emissions | t $CO_2e$ |
| GHG Emission Intensity | t $CO_2e$/unit delivered<br>t $CO_2e$/unit repaired |
| Water consumption | tonnes |
| Natural gas consumption | $Nm^3$ |
| Electricity consumption | kWHr |
| Fuel | litres |

**Greenhouse Gas Emissions**

Our carbon emissions are generated from the use of electricity and motor fuel during test drives. We track the quality of our air emissions through systems installed at our facilities, periodic ambient air monitoring, and periodic stack emission monitoring via sampling of air quality at various parts of our facilities. In this report, we disclose Scope 1 direct emissions, Scope 2 indirect emissions and the Scope 3 categories.

**1. Scope 1 emissions – Motor vehicles**

Key GHG emissions include natural gas and gas oil.

| Scope 1 (t $CO_2e$) | FY2024 | FY2023 |
|---|---|---|
| Natural gas ("**$Nm^3$**") | 164.69 | 176.64 |
| Gas oil | 238.83 | 305.48 |
| Total Scope 1 (t $CO_2e$) | 403.52 | 482.12 |

While as a distributor, we have no control over fuel efficiency of the vehicles after the sale, we look for other methods to improve our fuel efficiency that will reduce our GHG emissions, such as:

- Select vehicles with efficient fuel consumption;
- Practise proper disposal of biodegradable products used at our workshops; and
- Ensure the engines for our test drive cars are switched off when not in use.

2. **Scope 2 emissions – Electricity consumption**

Our GHG emissions primarily comprise electricity used for lighting, air-conditioning, heating in our offices, showrooms and servicing workshops, as well as operation of equipment in our workshops.

| Scope 2 (t $CO_2$e) | FY2024 | FY2023 |
|---|---|---|
| Purchased electricity | 4,346.93 | 4,286.00 |
| Total Scope 2 (t $CO_2$e) | 4,346.93 | 4,286.00 |

We measure our energy consumption monthly to manage usage and address cases of excessive use within a pre-determined timeframe. We continue to adopt energy-saving measures to manage our energy consumption to reduce the amount of air pollutants produced, such as:

- Switching off all electrical equipment when not in use;
- Setting air-conditioning systems at an optimal temperature of 25°C to save energy;
- Conducting regular maintenance checks of our equipment to optimise energy efficiency;
- Incorporating energy-efficient fixtures and fittings, such as LED lights and motion sensors;
- Reduce paper use by printing on both sides and opting for paperless documentation; and
- Allowing staff to telecommute where possible.

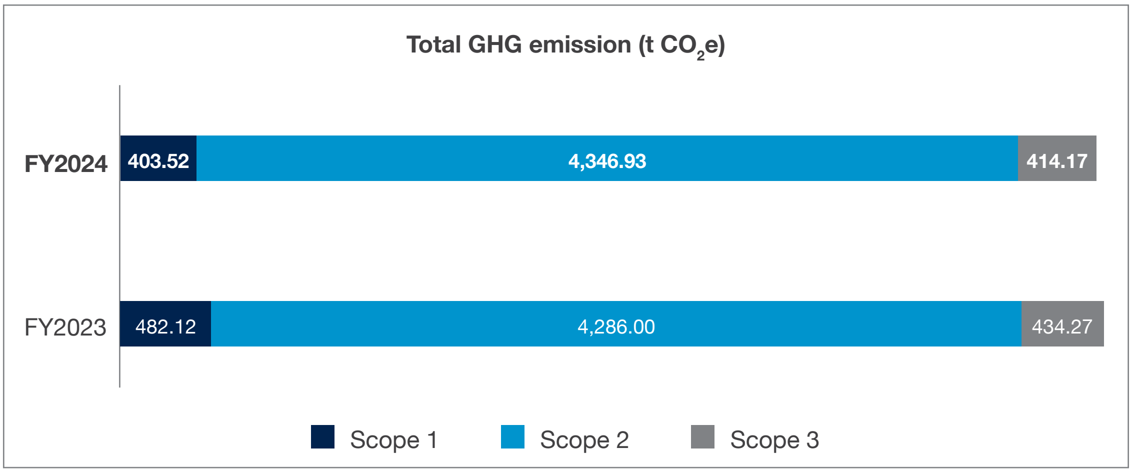
3. **Scope 3 categories**

We conducted a preliminary review to identify the most relevant Scope 3 categories for our operations. Based on the outcome, we selected the most significant categories and performed a more comprehensive emissions calculation in accordance with the GHG protocol requirements.

| Scope 3 Categories (t $CO_2$e) | Calculation methodology | FY2024 | FY2023 |
|---|---|---|---|
| Category 1: Purchased goods and services | Emissions computed based on water supplied. | 7.20 | 7.20 |
| Category 3: Fuel- and energy-related activities not included in Scope 1 & Scope 2 | Emissions computed based on all other fuel and energy related activities, and market-based emissions from generation of purchased electricity. | 386.65 | 399.50 |
| Category 5: Waste generated in operations | Emissions computed based on waste disposal methods | 20.32 | 27.57 |
| Total Scope 3 (t $CO_2$e) | | 414.17 | 434.27 |

# SUSTAINABILITY REPORT

As we continue to enhance our emissions management approach, we will work on refining our methodologies and data collection processes to provide a more accurate and comprehensive report. Moving forward, TCA aims to strengthen our Scope 3 roadmap by engaging key stakeholders, improving data quality and exploring best practices to capture and manage our value chain emissions.




**Energy and Water Conservation**

We actively seek solutions to improve energy and water conservation across our operations. We do so by adopting technologies and best practices that serve to reduce our environmental impact, improve operational efficiency and achieve cost savings.

One key sustainability initiative is to gradually but intentionally incorporate sustainable design features across our dealerships, or any future dealerships which we may venture into. We are also evaluating and exploring the adoption of renewable energy sources by installing solar panel systems at our facilities. In doing so, we hope to explore opportunities to generate our own electricity while reducing our consumption of electricity drawn from the national power grid.

Our water consumption mainly stems from servicing and automobile detailing services. Measures which we have implemented to manage our water consumption include:

- Regular checks for leaks in our washrooms and pipes at our servicing workshops;
- Using water-efficient equipment such as aerated faucets to reduce water flow; and
- Water recycling and reuse for non-potable purposes such as vehicle washing, general office operational use, general cleaning of our premises.

**Waste Management**

Our major environmental wastes are generated from our car servicing maintenance and repair operations which include machine lubricants, coolants, cleaning solutions, sludges, paint, scrap metal and plastics. All wastes – hazardous or non-hazardous, are properly managed and professionally disposed as required by the China laws.

With increasing worldwide adoption of EVs, we take into consideration potential waste from EV batteries and collaborate with environmentally conscious companies to explore innovative and practical solutions to effectively manage our end-of-life cycle battery waste. We also aim to maintain zero incidents of fines related to the violation of the local environmental policy.

We encourage all our employees to adopt responsible waste disposal. Posters are put up at our facilities to remind employees to adopt green and responsible habits. We have also set up recycling corners at all our premises.

# SUSTAINABILITY REPORT

**Targets and Performance**

| Material Topics | Targets set for FY2024 | Performance in FY2024 |
|---|---|---|
| GHG emissions | • Incorporate sustainable features, where feasible, in our facilities and maintain usage per unit delivered and repaired within 10% of the baseline<br>• Enhance energy efficiency by switching to more energy-efficient lighting and air conditioning | Overall target met |
| Energy and Water Conservation | • Reduce consumption by 10% of the baseline, on per unit delivered and service basis | Overall target met |
| Waste Management | • Reduce waste generated and waste intensities by 10%<br>• Encourage recycling, double-sided printing and paperless documentation where possible | Target met |

We have made adjustments to previously established targets as we continue to review our progressive climate actions as part of our commitment to strengthen environmental stewardship. The following table outlines our goals based on set timeframes.

| Material Topics | Short term Target (1 – 2 years) | Medium term Target (2030) | Long term Target (2050) |
|---|---|---|---|
| GHG emissions | • Incorporate sustainable features and identify areas of improvement, where feasible, in our facilities and maintain usage per unit delivered and repaired within 10% of the baseline<br>• Enhance energy efficiency by switching to more energy-efficient lighting and air conditioning | • Reduce GHG emission levels and emission intensities by 20%<br>• Disclose more categories under Scope 3 emissions | • Aiming to reach net zero timelines and targets for the transport sector |
| Energy and Water Conservation | • Assess energy usage in operations and identify areas for improvement<br>• Maintain consumption within 10% of the baseline, on per unit delivered and service basis | • Reduce consumption by 20% of the baseline, on per unit delivered and service basis<br>• Consider installing solar panels | • Achieve majority (more than 75%) of features and fittings that are energy efficient and climate-friendly |
| Waste Management | • Identify areas for improvement and maintain waste generated and waste intensities per unit delivered and repaired<br>• Identify areas for recycling waste and develop a strategy to increase recycling composition by 5% | • Reduce waste generated and waste intensities by 20%<br>• Increase recycled waste composition by 10% | • Reduce waste generated and waste intensities by 30%<br>• Increase recycled waste composition by 20% |

# SUSTAINABILITY REPORT

## PEOPLE

Our employees are our greatest assets, without whom we will be unable to run our operations smoothly. We strive to cultivate a positive and conducive work environment by taking care of our employees' personal growth and wellbeing and encouraging work-life balance. This means ensuring their health and safety at the workplace and providing opportunities for them to grow, perform and thrive. We advocate fair and best employment practices that offer equal opportunities to all.

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

**Employment Policies**

It is our top priority to build and retain a talented and skilled workforce to drive operational performance. As such, we aim to hire and develop talents who are passionate and motivated to deliver quality service to our customers.

We have an employee handbook that covers our human resource policies, corporate culture and values as well as a code of conduct that we expect employees to uphold when engaging both internal and external stakeholders. Some of the core values we promote are teamwork, collaboration, inclusivity and mutual trust among team members and supervisors. We encourage open communication between employees and management to build and maintain a trusted and harmonious work environment.

Furthermore, we offer competitive remuneration packages and employee benefits to attract and retain our talents. These include providing insurance cover, medical benefits, maternity and paternity leave, as well as childcare leave for our permanent employees. As required by local labour laws, we retain the positions of employees who require long-term medical treatment and grant them no-pay leave until they are deemed by their doctors to be fit for work. The management reviews our human resource policies regularly to ensure they remain relevant and effective.

In FY2024, we employed a total of 861 employees, of which 59% were males and 41% were females. The number of employees who left in FY2024 was 337, resulting in a turnover rate of 28%, same as the preceding year. There were no workers in our operations who were not our employees but whose work was controlled by us hired during the year.

Our board comprises six male directors. One director is between 41 and 50 years old while the other five are over 50 years old.

**Training and Development**

The continuous growth and career development of our employees is important to us. We offer comprehensive job training to ensure the skills and knowledge of our workforce are up-to-date and in line with industry standards and practices. All our employees are required to undergo training specific to their job scope, which is either provided in-house or through external courses and programmes.

Our human resource programmes include:

- Orientation for new hires to integrate them smoothly into the organisation and to familiarise them with their roles and what is expected of them;
- Compulsory technical and safety training through mandatory courses that will certify them for their roles;
- Job rotation to train and develop well-rounded managers to be familiar with all operational aspects of a dealership; and have the necessary organisational skills and knowledge to take on bigger roles during the course of the career with us.

# SUSTAINABILITY REPORT

All our employees participate in annual performance appraisals that are meant to identify their strengths as well as gaps in their competencies. These reviews are conducted to better understand and identify their developmental needs and are evaluated fairly and objectively. The results of such reviews form the basis of salary increments and promotions.

We review our training programmes regularly to ensure our employees have the relevant skills to carry out their work effectively. In FY2024, our average hours of training per employee was 6.69 hours, as compared to 10.64 hours in the preceding year. The decline in training hours was mainly due to a shift in BMW's policies. This included a revised training certification target, resulting in fewer employees being required to attend training, as well as streamlined course structure that reduced the number of training days. We continue to ensure our employees receive the necessary skills and knowledge.

**Health and Safety Measures**

We offer a safe environment for our employees and target to maintain zero accidents in the workplace. To oversee the overall health and safety protocols and standards of the Group, our HR and Administration department is responsible for supervising and ensuring our operations are carried out safely and according to regulatory safety standards.

We have stringent safety measures based on thorough risk assessments to avoid injuries and mishaps in our workshops. Due to the potentially hazardous nature of the work being carried out at our after-sales workshop, our administration department and after-sales manager periodically inspects the workshop area and ensures the safety of the equipment that is used there. We also conduct regular safety briefings, issue reminders about safe handling of machinery and make the necessary upgrades to ensure work area is safe for personnel.

Established emergency preparedness measures such as periodic fire safety and evacuation drills are conducted so that employees are familiar with the procedures should such events occur. Our facilities are also fitted with the necessary firefighting and alarm systems that are mandated by law, and first aid kits are available for minor injuries.

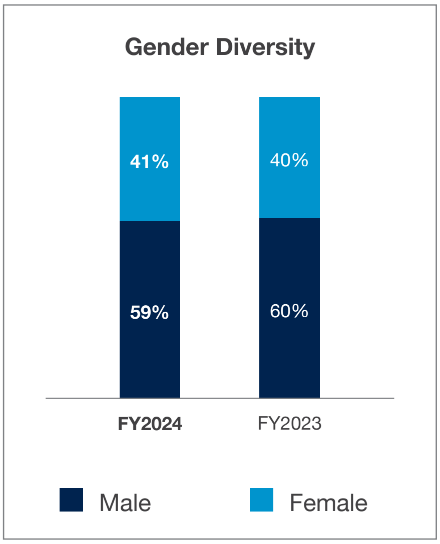
We conduct regular employee health checks to ensure they are in good health. Even though all COVID-19 restrictions have been removed, we continue to stay vigilant with our health protocols for the safety of our customers, employees and visitors to our stores.

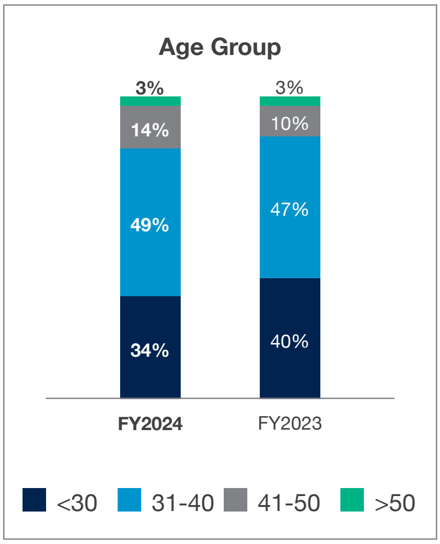
We will review our risk management and business continuity plan to improve our preparedness and response to future episodes of pandemics.

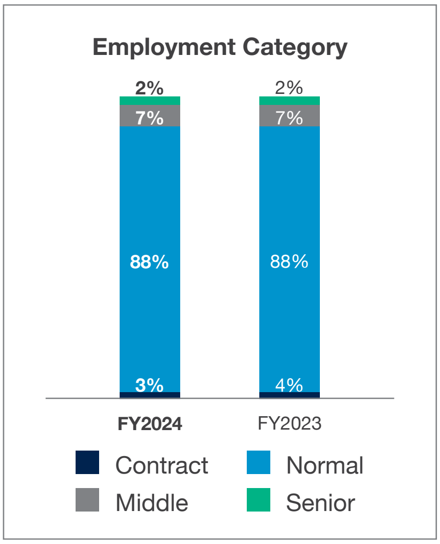
| Target for FY2024 | Performance in FY2024 | Target for FY2025 |
|---|---|---|
| • Maintain zero-accident workplace | • Zero reportable accidents | • Maintain zero-accident workplace |
| • Maintain or improve employee retention rate | • Maintained turnover rate for full-time employees | • Maintain or improve employee retention rate |
| • Maintain workforce gender diversity ratio of 60% male to 40% female | • Maintained workforce gender diversity ratio of 59% male to 41% female | • Maintain workforce gender diversity ratio of 60% male to 40% female |

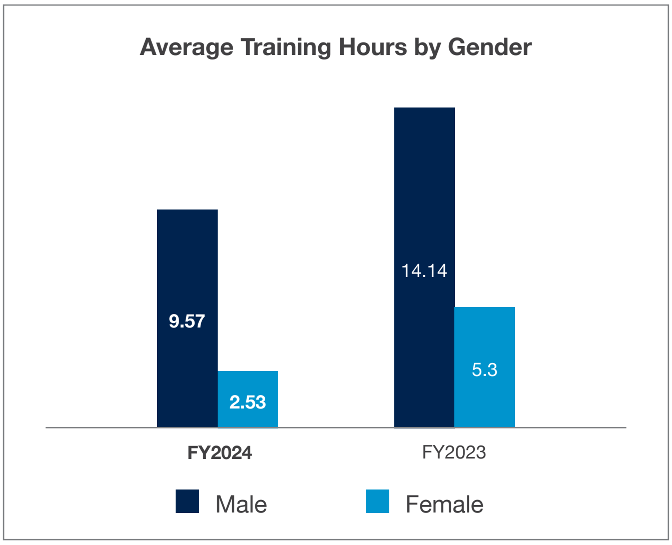
# SUSTAINABILITY REPORT

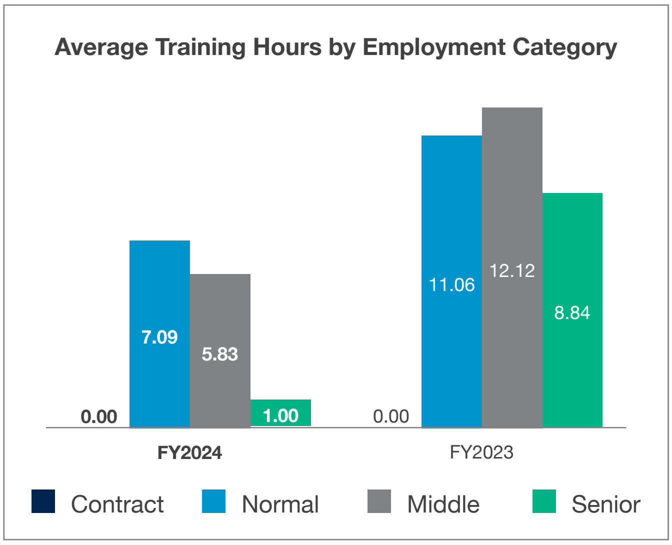
## OUR PEOPLE PERFORMANCE

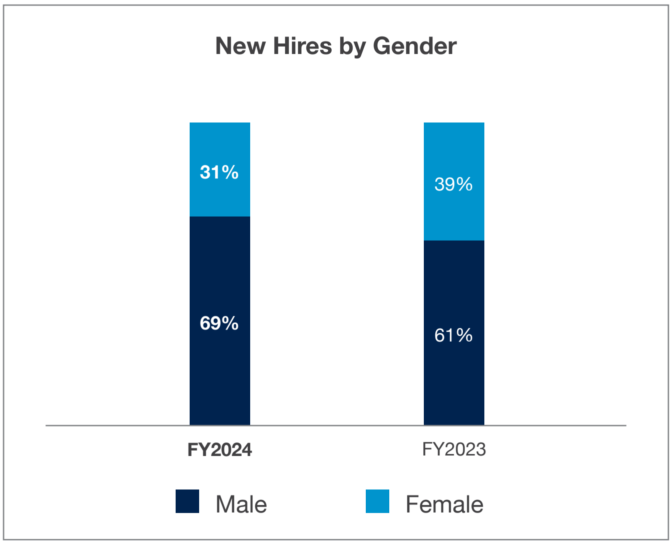


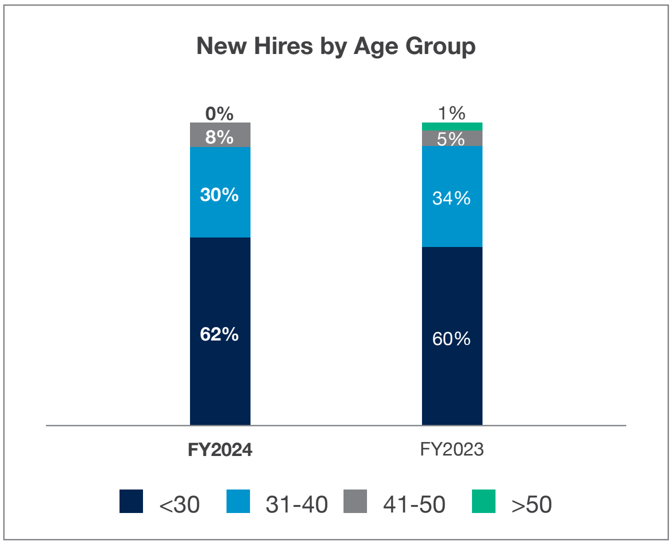



# SUSTAINABILITY REPORT

## CUSTOMERS

As a customer-facing business, we seek to establish strong and loyal customer relationships and to provide our customers with an enjoyable experience from the point of sale to after-sales.

Representing the BMW, McLaren and Genesis brands, TCA owns and operates 10 dealerships across geographically prosperous cities in China including Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan.

### Quality Services

Our customers are mostly ultra-high net worth individuals whose expectations of service quality are in line with the premium brands that we carry. As such, we emphasise on creating a sophisticated yet welcoming space at all our dealerships to make a good first impression on everyone who walks through our doors.

We support our customers at every step of their purchase journey with us, from product consultation to test drives and even assisting with automobile registration as well as financing and insurance. Our sales consultants and customer service officers are trained by our automobile OEMs to ensure their competence and knowledge about the brands they are selling. They are also equipped to address and resolve customer queries and needs in a swift and timely manner.

Special ceremonies are organised to celebrate the delivery of the new automobile and to welcome first-time owners to an exclusive and elite lifestyle. Since all COVID-19 measures in China were lifted in early FY2023, we have resumed such elaborate ceremonies with more guests in attendance. Typically, they are attended by one or more members from the sales team and the Customer Relationship Management ("**CRM**") team and include group photo taking and follow-up briefings.

We seek to deliver the best experience by listening to what our customers want. We offer various channels for customer feedback, and we take all feedback seriously.

### After-Sales Services

The Group provides top tier after-sales services including regular maintenance, repair services and sale of automobile parts and accessories. We proactively contact each customer and send them reminders of upcoming maintenance checks.

We have a "Dealer Management System" that allows us to analyse detailed records of the transaction and maintenance history of each vehicle. All our technicians are required to attend training courses to ensure service standards are kept. The system also keeps track of customer preferences to better understand their needs. This enables us to develop targeted and customised communications to engage each customer.

a. Maintenance and repair services

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

b. Sale of automobile parts and accessories

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

**Pre-Owned Car Sales**

The Group maintains an inventory of selected used cars that have been refurbished for resale. Before entering them into our inventory, each car goes through a strict selection procedure to assess its condition, mileage and the time period for which it has been in use. This is to ensure that we carry only pre-owned cars that meet the high standards of quality, reliability and performance.

**Quality Control**

Another thorough pre-delivery inspection of the automobile is conducted before the delivery to the customer. This ensures the condition of the automobile is satisfactory and in accordance to the delivery order. Once the condition of the automobile is ascertained as satisfactory, we will proceed to register and deliver the automobile. The same quality control checks are conducted as part of our after-sales services.

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

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

During the year, there were no incidents of non-compliance concerning the health and safety impacts of our products and services.

**Financing Services**

As a value-added service to our customers, we provide flexible leasing and financing solutions for customers who wish to purchase any automobiles. Our sales consultants are knowledgeable about the various financial services available and are able to offer solutions for customers' consideration.

**Marketing and Sales**

Throughout the year, we plan marketing initiatives to attract quality prospective customers and engage existing ones. These include offering complimentary brand-specific gifts and lucky draws, organising promotional and interactive events such as monthly Customer Experience Days, Cars and Coffee mornings and track days for our BMW, McLaren and Genesis customers.

We collaborate with our automobile OEMs to plan the type of marketing and promotion activities according to the direction set by them. We also promote sales of our pre-owned automobiles on social media channels such as WeChat.

Through an effective marketing strategy, we are able to work towards our sales goals and targets while strengthening our customer relationships. We continue to explore technology and digital solutions in the marketing space to further elevate our presence and brand reputation at the global stage.

# SUSTAINABILITY REPORT

**Customer Privacy**

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

| Target for FY2024 | Performance in FY2024 | Target for FY2025 |
|---|---|---|
| • Maintain zero incidents of non-compliance with customers' data and privacy<br>• Maintain zero incidents of non-compliance concerning health and safety impacts of products and services<br>• Aim to achieve a minimum score of 95% on BMW's Joy Index in both Sales and After-sales departments | • Zero cases of non-compliances with customers' data and privacy<br>• Zero cases of non-compliances concerning health and safety impacts of products and services<br>• Achieved 98.5% on BMW's Joy Index in sales department and 98.4% on BMW's Joy Index in after-sales department | • Maintain zero incidents of non-compliance with customers' data and privacy<br>• Maintain zero incidents of non-compliance concerning health and safety impacts of products and services<br>• Aim to achieve a minimum score of 95% on BMW's Joy Index in both Sales and After-sales departments |

## COMMUNITY

We take pride in being a responsible corporate citizen that brings positive impact and improvements to the communities where we operate. We do so by contributing to various local initiatives.

**Internship Support Programme**

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

We provide the interns with basic salaries, accommodation arrangements and expenses, further technical education and in some cases, we also sponsor their BMW certification programmes. In FY2024, we hired 20 fresh graduates who had previously interned with our Group. We strive to award internship opportunities to 15 to 20 graduates yearly.

# SUSTAINABILITY REPORT

## GOVERNANCE

We are committed to strong corporate governance and accountability across all our business dealings. We comply with SGX-ST listing rules as well as laws and regulations of the host countries where our operations are located.

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

Our whistleblowing policy provides a means to raise complaints, concerns or issues relating to the activities and affairs of the Group, or to the conduct of any employee or management of the Group. We offer various channels for whistleblowing and the identities of whistleblowers are kept strictly confidential.

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

We have zero-tolerance for fraud, bribery and corruption and expect all our employees to uphold high standards of integrity and professionalism at all times.

| Target for FY2024 | Performance in FY2024 | Target for FY2025 |
|---|---|---|
| • Maintain zero incidents of fraud, bribery or corruption<br>• Maintain zero incidents of non-compliance and employee misconduct | • Zero incidents of fraud, bribery or corruption<br>• Zero incidents of non-compliance and employee misconduct | • Maintain zero incidents of fraud, bribery or corruption<br>• Maintain zero incidents of non-compliance and employee misconduct |

# SUSTAINABILITY REPORT

## GRI DISCLOSURE INDEX

| | |
|---|---|
| Statement of use | Trans-China Automotive Holdings Limited has reported the information cited in this GRI content index for the period 1st January 2024 to 31st December 2024 with reference to the GRI Standards. |
| GRI 1 used | GRI 1: Foundation 2021 |

| GRI Standard | Disclosure Title | Page Reference & Remarks |
|---|---|---|
| **GRI 2: General Disclosures** | | |
| **The organisation and its reporting practices** | | |
| 2-1 | Organisational details | Annual Report – Corporate Profile |
| 2-2 | Entities included in the organisation's sustainability reporting | Sustainability Report – About this report |
| 2-3 | Reporting period, frequency and contact point | Sustainability Report – About this report |
| 2-4 | Restatements of information | Sustainability Report – About this report |
| 2-5 | External assurance | Sustainability Report – About this report |
| **Activities and workers** | | |
| 2-6 | Activities, value chain and other business relationships | Annual Report – Business Overview |
| 2-7 | Employees | Sustainability Report – People |
| 2-8 | Workers who are not employees | Not applicable |
| **Governance** | | |
| 2-9 | Governance structure and composition | Annual Report – Corporate Governance report<br>Sustainability Report – Our Approach to Sustainability |
| 2-10 | Nomination and selection of the highest governance body | Annual Report – Corporate Governance report |
| 2-11 | Chair of the highest governance body | Annual Report – Corporate Governance report |
| 2-12 | Role of the highest governance body in overseeing the management of impacts | Annual Report – Corporate Governance report |
| 2-13 | Delegation of responsibility for managing impacts | Sustainability Report – Our Approach to Sustainability |
| 2-14 | Role of the highest governance body in sustainability reporting | Annual Report – Corporate Governance report |
| 2-15 | Conflicts of interest | Annual Report – Corporate Governance report |
| 2-16 | Communication of critical concerns | Sustainability Report – About this report |
| 2-17 | Collective knowledge of the highest governance body | Annual Report – Corporate Governance report |
| 2-18 | Evaluation of the performance of the highest governance body | Annual Report – Corporate Governance report |
| 2-19 | Remuneration policies | Annual Report – Corporate Governance report<br>Sustainability Report – People |
| 2-20 | Process to determine remuneration | Annual Report – Corporate Governance report<br>Sustainability Report – People |
| 2-21 | Annual total compensation ratio | We choose not to disclose as we reward based on meritocracy |

# SUSTAINABILITY REPORT

| GRI Standard | Disclosure Title | Page Reference & Remarks |
|---|---|---|
| **Strategy, policies and practices** | | |
| 2-22 | Statement on sustainable development strategy | Sustainability Report – Board Statement |
| 2-23 | Policy commitments | Annual Report – Corporate Governance report |
| 2-24 | Embedding policy commitments | Annual Report – Corporate Governance report |
| 2-25 | Processes to remediate negative impacts | Sustainability Report – Governance |
| 2-26 | Mechanisms for seeking advice and raising concerns | Sustainability Report – Governance |
| 2-27 | Compliance with laws and regulations | Sustainability Report – Governance |
| 2-28 | Membership associations | China Automobile Dealers Association |
| **Stakeholder engagement** | | |
| 2-29 | Approach to stakeholder engagement | Sustainability Report – Stakeholders |
| 2-30 | Collective bargaining agreements | None of our employees have joined a trade union |
| **GRI 3: Material Topics** | | |
| 3-1 | Process to determine material topics | • Materiality<br>• Economic<br>• Environmental<br>• People<br>• Customers<br>• Community<br>• Governance |
| 3-2 | List of material topics | |
| 3-3 | Management of material topics | |
| **GRI 200: Economic w** | | |
| **Economic Performance** | | |
| 201-1 | Direct economic value generated and distributed | Annual Report – Financial Highlights and Financial Reports |
| **Indirect Economic Impacts** | | |
| 203-1 | Infrastructure investments and services supported | Sustainability Report – Community |
| 203-2 | Significant indirect economic impacts | Sustainability Report – People and Community |
| **Anti-corruption** | | |
| 205-3 | Confirmed incidents of corruption and actions taken | Sustainability Report – Governance |
| **Anti-competitive Behaviour** | | |
| 206-1 | Legal actions for anti-competitive behaviour, anti-trust, and monopoly practices | No occurrence during our period of review |
| **GRI 300: Environmental** | | |
| **Energy** | | |
| 302-1 | Energy consumption within the organisation | Sustainability Report – Environmental |
| 302-3 | Energy intensity | Sustainability Report – Environmental |
| **Water and Effluents** | | |
| 303-1 | Interactions with water as a shared resource | Sustainability Report – Environmental |
| 303-5 | Water consumption | Sustainability Report – Environmental |
| **Emissions** | | |
| 305-1 | Direct (Scope 1) GHG emissions | Sustainability Report – Environmental |
| 305-2 | Energy indirect (Scope 2) GHG emissions | Sustainability Report – Environmental |
| 305-3 | Other indirect (Scope 3) GHG emissions | Sustainability Report – Environmental |
| 305-4 | GHG emissions intensity | Sustainability Report – Environmental |

# SUSTAINABILITY REPORT

| GRI Standard | Disclosure Title | Page Reference & Remarks |
|---|---|---|
| **Waste** | | |
| 306-1 | Waste generation and significant waste-related impacts | Sustainability Report – Environmental |
| 306-2 | Management of significant waste-related impacts | Sustainability Report – Environmental |
| 306-3 | Waste generated | Sustainability Report – Environmental |
| **Environmental Compliance** | | |
| 307-1 | Non-compliance with environmental laws and regulations | No occurrence during our period of review |
| **GRI 400: Social** | | |
| **Employment** | | |
| 401-1 | New employee hires and employee turnover | Sustainability Report – People |
| **Occupational Health and Safety** | | |
| 403-2 | Hazard identification, risk assessment, and incident investigation | Sustainability Report – People |
| 403-5 | Worker training on occupational health and safety | Sustainability Report – People |
| 403-6 | Promotion of worker health | Sustainability Report – People |
| 403-7 | Prevention and mitigation of occupational health and safety impacts directly linked by business relationships | Sustainability Report – People |
| 403-9 | Work-related injuries | No occurrence during our period of review |
| **Training and Education** | | |
| 404-1 | Average hours of training per year per employee | Sustainability Report – People |
| 404-2 | Programs for upgrading employee skills and transition assistance programs | Sustainability Report – People |
| 404-3 | Percentage of employees receiving regular performance and career development reviews | Sustainability Report – People |
| **Diversity and Equal Opportunity** | | |
| 405-1 | Diversity of governance bodies and employees | Sustainability Report – People |
| **Local Communities** | | |
| 413-1 | Operations with local community engagement, impact assessments, and development programs | Sustainability Report – Community |
| **Customer Health and Safety** | | |
| 416-2 | Incidents of non-compliance concerning the health and safety impacts of products and services | No occurrence during our period of review |
| **Customer Privacy** | | |
| 418-1 | Substantiated complaints concerning breaches of customer privacy and losses of customer data | No occurrence during our period of review |

# SUSTAINABILITY REPORT

## TCFD DISCLOSURES

The following table indicates our progress toward TCFD-recommended reporting.

| Disclosure Number | TCFD Disclosures | Page Reference & Remarks |
|---|---|---|
| **GOVERNANCE** | | |
| TCFD 1(a) | Describe the board's oversight of climate-related risks and opportunities. | Sustainability Report –<br>Our Approach to Sustainability<br>TCFD Report - Governance |
| TCFD 1(b) | Describe management's role in assessing and managing climate-related risks and opportunities. | |
| **STRATEGY** | | |
| TCFD 2(a) | Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long term. | TCFD Report – Strategy – Scenario Analysis, Climate-Related Risks and Opportunities |
| TCFD 2(b) | Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning. | |
| TCFD 2(c) | Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario. | |
| **RISK MANAGEMENT** | | |
| TCFD 3(a) | Describe the organisation's processes for identifying and assessing climate-related risks. | Sustainability Report – Materiality<br>TCFD Report – Resilience and Risk Management |
| TCFD 3(b) | Describe the organisation's processes for managing climate-related risks. | |
| TCFD 3(c) | Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management. | |
| **METRICS AND TARGETS** | | |
| TCFD 4(a) | Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process. | TCFD Report –<br>Metrics and Targets |
| TCFD 4(b) | Disclose Scope-1, Scope-2, and, if appropriate, Scope-3 GHG emissions and the related risks. | |
| TCFD 4(c) | Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets. | |

# CORPORATE GOVERNANCE REPORT

## INTRODUCTION

The Board of Directors (the “**Board**”) of Trans-China Automotive Holdings Limited (the “**Company**”) and its subsidiaries (collectively the “**Group**”) are committed to uphold good corporate governance. This commitment and continuous support of the Code of Corporate Governance 2018 (subsequently amended on 11 January 2023) (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 provisions 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 2024 (“**FY2024**”), the Group has conformed to the Principles of the Code and strives to comply with the provisions set out in the Code and where it has deviated from the provisions set out in the Code, appropriate explanations are provided and the Company will continue to assess its needs and implement appropriate measures accordingly.

## BOARD MATTERS

**The Board’s Conduct of Affairs**

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

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

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

All Directors discharge their duties and responsibilities objectively 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 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 year of appointment in accordance to Rule 406(3)(a) of the Catalist Rules or other training institutions in areas such as accounting, legal and industry-specific knowledge.

A newly appointed Director will be furnished with a formal letter of appointment and upon his/her appointment be given opportunities to receive appropriate briefing or material to ensure that he/she is aware of the roles and responsibilities of 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. All Directors of the Company have attended and completed the sustainability training organised by Singapore Institute of Directors.

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

# CORPORATE GOVERNANCE REPORT

The number of meetings held by the Board and Board Committees during FY2024 and the attendance of each Director where relevant is as follows:

| Type of meetings | Annual General Meeting | Board | ARC | NC | RC |
|---|---|---|---|---|---|
| **No. of meetings** | 1 | 3 | 3 | 1 | 1 |
| **Attendance** | | | | | |
| Mr Francis Tjia | 1/1 | 3/3 | 3/3* | 1/1 | 1/1* |
| Mr Michael Cheung | 1/1 | 3/3 | 3/3* | 1/1* | 1/1* |
| Mr David Leow | 1/1 | 3/3 | 3/3 | 1/1 | 1/1 |
| Mr Steven Petersohn | 1/1 | 2/3 | 2/3 | 1/1 | 1/1 |
| Mr Henry Tan | 1/1 | 3/3 | 3/3 | 1/1 | 1/1 |
| Mr Mark Fukunaga | 1/1 | 3/3 | 3/3 | 1/1 | 1/1 |

**Note:**

* *Not a member*

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

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

# CORPORATE GOVERNANCE REPORT

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

The Board has separate and independent access to the key management personnel of the Group at all times. Request for information is dealt promptly by the Management. In addition, the Board is kept informed of all material events and transactions as and when they occur to enable the Board to function effectively and to fulfil its responsibilities. The information made available to the Directors include interim and full-year financial results, progress reports of the Group's operations, corporate development, regulatory updates, business developments and audit reports. The Management also consults board members regularly whenever necessary and appropriate. The Board is provided 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 six members comprising the Executive Chairman, who is also the Chief Executive Officer ("**CEO**") of the Company, one Executive Director, who is also the Chief Financial Officer ("**CFO**") of the Company, one Non-Executive Director and three 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 Steven Petersohn | Non-Executive and Independent Director | Member | Member | Chairman |
| Mr Henry Tan | Non-Executive and Independent Director | Chairman | Member | Member |
| Mr Mark Fukunaga | Non-Executive Director | Member | Member | Member |

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.

# CORPORATE GOVERNANCE REPORT

On an annual basis, each Independent Director is required to complete a 'Confirmation of Independence' form to confirm their 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 this arises and the Board will determine their opinion of the independence of a Director in light of all available information.

The NC has reviewed the forms completed by each Independent 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.

The Board is committed to upholding the highest standards of corporate governance and acknowledges the provisions set forth by the Singapore Code of Corporate Governance on board independence and the importance of safeguarding the interests of stakeholders through rigorous independent oversight of management and strategy.

Independent Directors make up half, rather than the majority of the Board under Provision 2.2 of the Code where the CEO is also the Chairman of the Board.

The appointment of another qualified Independent Director to redress this has been challenging due to the limited pool of candidates meeting our rigorous criteria combined with our endeavour to achieve the goals of our Board Diversity Policy and the Provision 2.4 of the Code.

The NC has evaluated the current Board composition and noted:

(i) All key committees - ARC, NC, and RC are fully in accordance with Provisions 4.2, 6.2 and 10.2 on leadership and independence of Board Committees.

(ii) Non-Executive Directors ("**NED**") hold a board majority in accordance with Provision 2.3 of the Code and have consistently and rigorously scrutinized strategic and managerial initiatives to ensure they align with the long-term welfare of all stakeholders, including shareholders, employees, customers, and suppliers.

(iii) The Directors of the Board are seasoned and experienced business executives with a broad range of experience, expertise, and knowledge from a diverse set of industries, professions, cultures and geographies. The Directors have strong independent views on how business should be conducted, are aware of the pitfalls of any conflicts of interest, and are fully cognisant of the value of diversity of thought. Individually and as a group, they actively engage in critical discussions, expressing their opinions independently.

(iv) A Lead Independent Director has been appointed to provide leadership in instances where the Chairman may have a potential conflict of interest in accordance with Provision 3.3 of the Code. This role also serves as a direct liaison for shareholders with concerns that cannot be adequately addressed through conventional channels involving the Chairman or Management.

(v) The Executive Directors make up one-third of the Board while the NEDs form two-thirds of the Board. The majority of the Board, or NEDs, is independent from the Management, and the NC is of the view that the NEDs members have not conducted themselves in a manner that would cause the NC to believe that they are not independent from the Management in the making of their decisions.

# CORPORATE GOVERNANCE REPORT

Furthermore, the independence of the Non-Executive and Independent Directors is evident from the fact that the Non-Executive and Independent Directors communicate on an ad-hoc basis and meet amongst themselves without the presence of the management of the Company (the "**Management**") and the Executive Directors to discuss and evaluate, among others, the performance of the Management and any matters of concern. Where applicable, the feedback and views expressed by the Non-Executive and Independent Directors is communicated by the Lead Independent Director to the Executive Chairman and CEO and/or other members of the Management after such meetings.

The NC deliberated and concluded that the Board has an independent character and is providing robust independent oversight consistent with the intent of provisions of the Code.

Notwithstanding the above, the Board is committed to a composition with a majority of Independent Directors and is conducting an ongoing search for suitably qualified candidates with diligence in accordance with our commitment to upholding the highest standards of corporate governance.

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. The NC will take into account the board diversity objectives and the diverse nature of the business environment in which the Company operates whilst maintaining flexibility to address succession planning and to ensure that the Company continues to attract and retain qualified individuals to serve on the Board. In concurrence with the NC, the Board is satisfied that it is of an appropriate size to facilitate effective decision-making in the best interests of the Group.

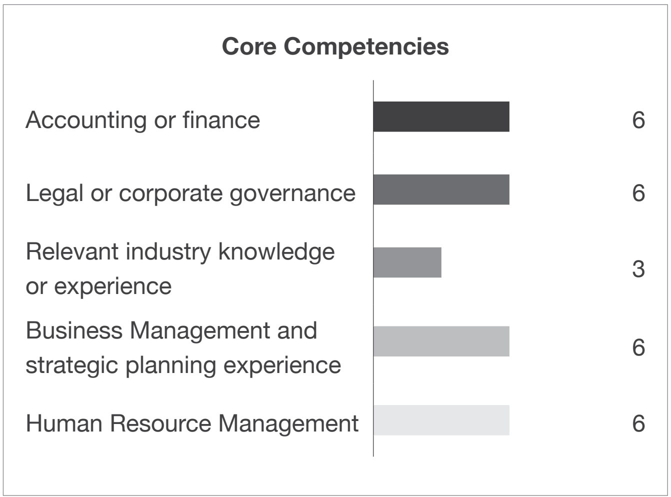
The Company recognises and embraces board diversity as an essential element in the achievement of business objectives and sustainable development. The Board considers diversity has many aspects, including but not limited to culture, gender, age, citizenship, geographic background, educational background, professional experience, length of service, skills and knowledge. The benefits of board diversity are harnessed when the Directors adopt a wide range of perspectives along with an independent mindset. Each Director has been appointed on the strength of their calibre, experience and stature and is expected to bring a valuable range of experiences and expertise to contribute to the development of the Group's strategies and the performance of its business.

The Board has considered the background and core competencies of each member of the current Board. This includes backgrounds in finance or accounting, legal, business or management experiences, automotive industry knowledge, strategic planning experience and customer-based experience or knowledge. The Board has considered them competent as they are respected individuals from different backgrounds, different nationalities and cultures, whose core competencies, qualifications, skills and experiences are diverse, extensive and complementary to the Company.

Given the diverse qualifications, experience, background, and profile of the Directors as set out in the table below, the NC is of the view that the current Board members as a group provides an appropriate balance and diversity of the relevant skills, experience and expertise required for effective management of the Group.

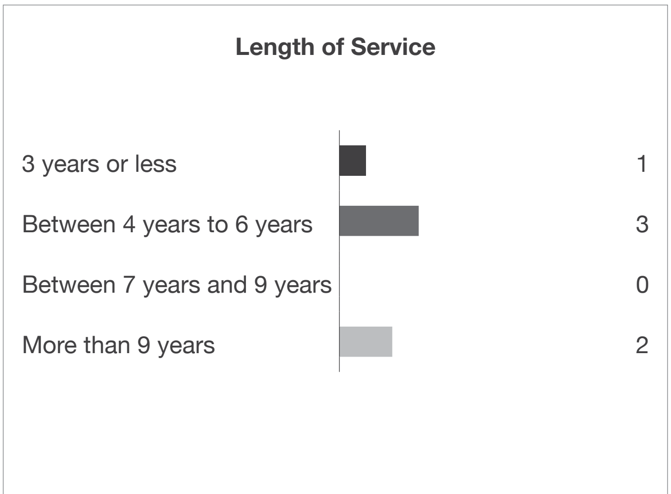
# CORPORATE GOVERNANCE REPORT

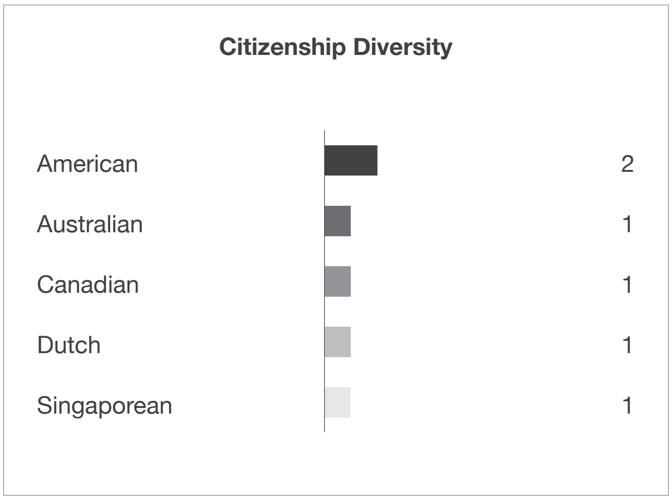
The diversity of the current Board as at the date of this annual report is as follows:










The profile of each Director including their academic and professional qualifications and other appointments is presented on pages 15 to 18 of this Annual Report.

# CORPORATE GOVERNANCE REPORT

The NC and the Board recognise the importance and value of gender diversity, however, the NC and the Board collectively are of the view that it should not be considered as the sole requirement of selection of potential candidate. The NC and Board have prioritised that the potential candidate should possess the right blend of skills, industry knowledge, relevant experience and suitability. Further, as there is currently no female Director appointed to the Board, the NC and the Board are continuously looking for such potential candidates to fill the role so that it is able to comply with a majority of Independent Directors as well as meet its diversity targets.

Notwithstanding the on-going process, the NC and the Board are cognisant that given the current environment of the Company and industry, that achieving the Board's diversity satisfactory level will be challenging. The targets to achieve diversity on the Board are assessed from time to time, based on the composition of the Board and operations of the Group at the relevant time.

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

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

**Chairman and Chief Executive Officer**

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

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

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

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

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

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

**Board Membership**

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

The Company has established a NC to make recommendations to the Board on all board appointments and re-appointments. As at the date of this report, the NC comprises the following five 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) |
| Mr Mark Fukunaga | (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 re-appointment 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 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 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, CEO or substantial shareholders and their proposed terms of employment.

In accordance with Rule 720(4) of the Catalist Rules, all Directors must submit themselves for re-nomination and re-appointment at least once every three 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 23 April 2025 are disclosed in the "Additional Information on Directors seeking re-election" on pages 66 to 69 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 and Mr Steven Petersohn, who are retiring at the forthcoming AGM as Directors of the Company. Mr Francis Tjia and Mr Steven Petersohn have abstained from voting on any resolution related to their own re-election.

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

Currently, no Alternate Director is appointed on the Board.

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

# CORPORATE GOVERNANCE REPORT

Key information regarding the Directors is set out below:

| Name of Director | Date of First Appointment | Date of Last Re-election | Present Directorships or Chairmanships in Other Listed Companies and Principal Commitment | Past Directorships or Chairmanships in Other Listed Companies and Principal Commitment over the preceding five years |
|---|---|---|---|---|
| Mr Francis Tjia(1)(3) | 18 December 2015 | 26 April 2022 | • OpenRoad Auto Group Limited<br>• Multivest Holdings Limited<br>• Openform Properties Ltd | • Income Partners Asset Management (Asia) Limited<br>• Income Partners Asset Management (HK) Limited<br>• IP Asian Opportunities Fund |
| Mr Michael Cheung(1)(3) | 18 December 2015 | 24 April 2024 | • Nil | • Nil |
| Mr David Leow(2) | 17 September 2021 | 25 April 2023 | • Thaler Global Pte. Ltd.<br>• Ufinity Group Pte. Ltd.<br>• MEC Asia Fund<br>• CAP Management Limited<br>• Chartered Accountants Australia and New Zealand (Singapore) Private Limited | • Mencast Holdings Ltd. (Listed)<br>• Bitapple Singapore Pte. Ltd.<br>• Pecunia Pte. Ltd. |
| Mr Steven Petersohn(1) | 17 September 2021 | 25 April 2023 | • Advanced Energy Minerals Limited | • Arch Capital Solutions Ltd. |
| Mr Henry Tan(2) | 17 September 2021 | 24 April 2024 | • BH Global Corporation Limited (Listed)<br>• Asia Vets Holdings Ltd. (Listed)<br>• Penguin International Limited (Listed)<br>• CLA Global TS Group<br>• 2T Investment Holdings Pte Ltd<br>• Alpha Singapore<br>• The Methodist Church of Singapore<br>• NTS Myanmar Co. Ltd.<br>• Methodist Preschool Services Pte. Ltd.<br>• Cru Asia Limited<br>• The Anglo-Chinese Schools Foundation Limited | • YHI International Limited (Listed)<br>• China New Town Development Co Ltd (Listed)<br>• Dyna-Mac Holdings Ltd. (Listed) |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Date of First Appointment | Date of Last Re-election | Present Directorships or Chairmanships in Other Listed Companies and Principal Commitment | Past Directorships or Chairmanships in Other Listed Companies and Principal Commitment over the preceding five years |
|---|---|---|---|---|
| Mr Mark Fukunaga(2) | 10 August 2023 | 24 April 2024 | • Matson Inc. (Listed)<br>• Servco Pacific Inc.<br>• Fender Musical Instrument Corporation<br>• Servco Subaru, Inc.<br>• Minerva Management Inc.<br>• Servco Foundation<br>• Fukunaga Scholarship Foundation<br>• Children's Discovery Center<br>• Punahou Schools<br>• KCAA Preschools of Hawaii<br>• Honolulu Museum of Art<br>• Hawaii Business Roundtable<br>• McInerny Foundation | • Servco Australia Pty Ltd.<br>• DTRIC Insurance Company |

**Notes:**

(1) None of the above are listed companies

(2) Included listed companies as indicated above

(3) Various other entities within the Group under which the appointments were made as part of Mr Francis Tjia and Mr Michael Cheung's duties and responsibilities in their respective roles as CEO and CFO of the Company.

# CORPORATE GOVERNANCE REPORT

**Additional Information on Directors Seeking Re-election**

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

| Name of Director | Mr Francis Tjia | Mr Steven Petersohn |
|---|---|---|
| Date of appointment | 18 December 2015 | 17 September 2021 |
| Date of last re-appointment | 26 April 2022 | 25 April 2023 |
| Age | 60 | 68 |
| Country of principal residence | Hong Kong | Hong Kong |
| The Board's comments on this appointment (including rationale, selection criteria, board diversity considerations and the search and nomination process) | The Board has accepted the NC's recommendation, who has reviewed and considered Mr Francis Tjia's performance as Executive Chairman and Chief Executive Officer of the Company | The Board has accepted the NC's recommendation, who has reviewed and considered Mr Steven Petersohn's performance as Non-Executive and Independent Director 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 | Non-Executive |
| Job title | Executive Chairman, Chief Executive Officer, member of the Nominating Committee | Independent Director, Chairman of the Remuneration Committee, and member of the Audit and Risk Committee and Nominating Committee |
| Professional qualifications | • Bachelor's Degree in Economics<br>• Master of Business Administration<br>• Master of Arts in Economics | • Degree of Bachelor of Arts |

# CORPORATE GOVERNANCE REPORT

| Name of Director | Mr Francis Tjia | Mr Steven Petersohn |
|---|---|---|
| Working experience and occupation(s) during the past 10 years | • July 2009 to Present – Trans-China Automotive Holdings Limited – Executive Chairman (since 2018) and CEO<br>• June 2000 to present – OpenRoad Auto Group Limited, Canada – Non-Executive Director<br>• June 1993 to December 2028 – Income Partner Asset Management, Hong Kong Founding Partner and Chief Executive Officer | • July 2011 to December 2016 – Watermill Advisors Limited |
| Shareholding interest in the listed issuer and its subsidiaries | 310,009,852 shares (deemed interest in 310,009,852 shares held in Octo Holdings Limited) | None |
| Any relationship (including immediate family relationships) with any existing director, existing executive officer, the<br>issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries | None | None |
| Conflict of interest (including any competing business) | None | None |
| Undertaking (in the format set out in Appendix 7H) under Rule 720(1) has been submitted to the listed issuer | Yes | Yes |
| Other principal commitments including directorships | Present<br>• Multivest Holdings Limited<br>• Openform Properties Ltd<br>• OpenRoad Auto Group Limited<br><br>Past (for the past 5 years)<br>• Income Partners Asset Management (Asia) Limited<br>• Income Partners Asset Management (HK) Limited<br>• IP Asian Opportunities Fund | Present<br>• Advanced Energy Minerals Limited<br><br>Past (for the past 5 years)<br>• Arch Capital Solutions Ltd. |

# CORPORATE GOVERNANCE REPORT

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

| | | Mr Francis Tjia | Mr Steven Petersohn |
|---|---|---|---|
| (a) | Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner? | No | No |
| (b) | Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency? | No | No |
| (c) | Whether there is any unsatisfied judgment against him? | No | No |
| (d) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose? | No | No |
| (e) | Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach? | No | No |
| (f) | Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part? | No | No |
| (g) | Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust? | No | No |

# CORPORATE GOVERNANCE REPORT

| | | Mr Francis Tjia | Mr Steven Petersohn |
|---|---|---|---|
| (h) | Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust? | No | No |
| (i) | Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity? | No | No |
| (j) | Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of: | | |
| | (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or | No | No |
| | (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or | No | No |
| | (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or | No | No |
| | (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity of business trust? | No | No |
| (k) | Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere? | No | No |

Mr Steven Petersohn, if re-elected, is considered independent for the purpose of Rule 704(7) of the Catalist Rules.

**Board Performance**

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

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

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

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

The findings of the above were analysed and discussed with a view to implementing certain recommendations to further enhance the effectiveness of the Board and Board Committees. The Executive Chairman of the Board will act on the results of the performance evaluation and the recommendation of the NC, and where appropriate, in consultation with the NC, new members may be appointed or resignation of Directors may be sought. No external facilitator was used in FY2024. 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 21 February 2025 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 FY2024, 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.

# CORPORATE GOVERNANCE REPORT

## 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.***

As at the date of this report, the RC comprises the following four Directors, all of whom are Non-Executive Directors and majority of whom including the Chairman of the RC are Independent Directors:

| | |
|---|---|
| Mr Steven Petersohn | (Chairman) |
| Mr David Leow | (Member) |
| Mr Henry Tan | (Member) |
| Mr Mark Fukunaga | (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.

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 FY2024.

**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 with 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. The remuneration packages of the Executive Directors and the Key Management Personnel comprise primarily a basic salary component and a variable component which is the bonuses and other benefits.

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

**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 level and mix of the remuneration paid or payable to each Director and key management personnel for FY2024 are disclosed below:

| Board | Salary (S$'000) | Bonus / Commissions (S$'000) | Benefits in Kind (S$'000) | Directors' Fees (S$'000) | Total (S$'000) |
|---|---|---|---|---|---|
| Mr Francis Tjia | 680 | 116 | 5 | – | 801 |
| Mr Michael Cheung | 443 | 75 | 3 | – | 521 |
| Mr David Leow | – | – | – | 64 | 64 |
| Mr Henry Tan | – | – | – | 67 | 67 |
| Mr Steven Petersohn | – | – | – | 60 | 60 |
| Mr Mark Fukunaga | – | – | – | 29 | 29 |

The Group has two Key Management Personnel who are not Directors or the CEO during FY2024. The details of the remuneration (in remuneration bands) of Key Management Personnel of the Group (who are not Directors or the CEO) for FY2024 are as follows:

| Key Management Personnel (in remuneration band) | Salary (%) | Bonus / Commissions (%) | Benefits in Kind (%) | Total (%) |
|---|---|---|---|---|
| **S$500,001- S$750,000** | | | | |
| Mr Roger Chan* | 81.01% | 18.99% | 0.00% | 100% |
| **S$250,001- S$500,000** | | | | |
| Mr Raymond Woo | 84.63% | 14.52% | 0.85% | 100% |

**Note:**

* *retired on 31 December 2024*

The aggregate total remuneration paid to the top two key management personnel of the Group (who are not Directors or the CEO) for FY2024 amounted to approximately S$910,000.

One of the Key Management Personnel (who are not Directors or the CEO) had received the discretionary Long Service Payment for FY2024 approximately S$28,000. Apart from this, none of the Directors (including the CEO) and the two Key Management Personnel (who are not Directors or the CEO) had received any termination, retirement and post-employment benefits for FY2024.

There is no employee who is an immediate family member of a Director, CEO or substantial shareholder whose remuneration exceeds S$100,000 for FY2024.

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

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

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

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

## ACCOUNTABILITY AND AUDIT

**Risk Management and Internal Controls**

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

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

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

The Board and the ARC have made reference to the external audit reports submitted by the external auditors for FY2024. 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 FY2024.

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

RSM is a corporate member of the Singapore chapter of the Institute of Internal Auditors ("**IIA**") and is staffed with professionals with relevant qualifications and experiences. The internal audit team consists of a partner, one manager and two consultants. The internal audit partner has been involved with the project for three years and is familiar with the Company and industry. The internal audit team brings extensive experience in Governance, Risk Compliance for SGX listed clients and multinational companies. Specifically, the internal audit team partner has a strong background in corporate governance consulting, business consulting, internal audit, and enterprise risk management. He is also a member of Institute of Singapore Chartered Accountants (ISCA).

There have been no high-risk findings in the last three years. Other findings which include process improvements recommendations have been rectified or adopted by the Company.

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 FY2024, 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 independent internal auditors, the Board with the concurrence from the ARC, are satisfied with the Group's internal controls and are of the opinion that the internal controls maintained by the Group in addressing critical and significant risks relating to financial, operational, compliance and information technology risks and risk management systems are adequate and effective as at 31 December 2024 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.

# CORPORATE GOVERNANCE REPORT

**Audit and Risk Committee**

***Principle 10: The Board has an Audit and Risk Committee which discharges its duties objectively.***

As at the date of this report, the ARC comprises the following four Directors, all of whom are Non-Executive Directors and majority of whom including the Chairman of the ARC are Independent Directors:

| | |
|---|---|
| Mr Henry Tan | (Chairman) |
| Mr David Leow | (Member) |
| Mr Steven Petersohn | (Member) |
| Mr Mark Fukunaga | (Member) |

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

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

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

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

The role and functions of the ARC are:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

16. meeting with the external auditors and independent 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 independent internal auditors 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 independent 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.

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

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

The internal audit work carried out in FY2024 was guided by the International Standards for the Professional Practice of Internal Auditing ("**IIA Standards**") laid down in the International Professional Practices Framework issued by the Institute of Internal Auditors. RSM Risk Advisory Pte. Ltd. has provided a confirmation on their independence to the ARC. The ARC has assessed the independence, effectiveness, and resourcing of the internal audit function. The ARC confirms that the internal audit function operates independently, free from any undue influence, and is effective in fulfilling its mandate. The internal audit function is also deemed to be adequately resourced with qualified personnel possessing the necessary expertise and experience to execute its responsibilities effectively. This assessment is based on the scope of work performed, the quality of reporting, and the alignment of the internal audit function with the organisation's risk management framework and strategic objectives.

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 FY2024.

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.

# CORPORATE GOVERNANCE REPORT

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

The aggregate amount of fees paid and payable to Messrs Deloitte & Touche LLP for services rendered in FY2024 was HK$2,125,000. No non-audit services were provided by the external auditors for the same period. Messrs Deloitte & Touche LLP have confirmed that they are public accounting firm registered with Accounting and Corporate Regulatory Authority and provided a confirmation on their independence to the ARC.

The ARC had reviewed all audit and non-audit fees paid to Messrs Deloitte & Touche LLP, the scope of services, the qualification, the independence and the objectivity of the external auditors in the meeting held in FY2024.

The ARC is satisfied that Messrs Deloitte & Touche 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 Deloitte & Touche LLP were engaged as the external auditors for the Company and its subsidiaries in Singapore for FY2024.

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

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

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

As of to-date, there was 1 report received through the whistle-blowing mechanism, raising concerns regarding biasness towards a certain business partner. Following a thorough investigation, no irregularities or unusual matters were identified.

The ARC has reviewed all Interested Person Transactions during FY2024 and is of the opinion that Chapter 9 of the Catalist Rules has been complied with. Please refer to the sections entitled "Interested Person Transactions" of the Offer Document for present and on-going Interested Person Transactions.

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

# CORPORATE GOVERNANCE REPORT

## SHAREHOLDER RIGHTS AND ENGAGEMENT

**Shareholder Rights and Conduct of General Meetings**

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

**Engagement with Shareholders**

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

## MANAGING STAKEHOLDERS RELATIONSHIPS

**Engagement with Stakeholders**

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

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

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

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

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

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

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

# CORPORATE GOVERNANCE REPORT

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 of content of the auditors' report.

The forthcoming AGM of the Company in respect of FY2024 will be convened and held physically. The notice of the AGM is announced via SGXNET within the mandatory period prior to the general meeting (or as otherwise disseminated in accordance with such laws and regulations as may be applicable), together with explanatory notes, appendices or a circular on items of special business, at least fourteen days before the meeting for ordinary resolutions and/or twenty-one days before the meeting for special resolutions.

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 month from the AGM. Such minutes is also available to shareholders on the SGXNET and on its corporate website.

There are separate resolutions at the general meetings to address each distinct issue. Each item of special business included in the notice of the general meetings will be accompanied by full explanation of the effects of a proposed resolution. The Company's Memorandum and Articles of Association allow a shareholder or a depositor to appoint not more than two 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 two 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.

Details of 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.

# CORPORATE GOVERNANCE REPORT

## 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 during FY2024:

| Name of interested person | Nature of relationship | Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than $100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) | Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than $100,000) |
|---|---|---|---|
| Octo Holdings Limited | Controlling shareholder | RMB1,079,000 | Not applicable |

### DEALING IN SECURITIES

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

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

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

(c) The Company and its officers did not deal in the Company's shares (i) during the periods commencing one 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.

# CORPORATE GOVERNANCE REPORT

**USE OF PROCEEDS**

The Company raised total net proceeds from the initial public offering of S$16,311,000 (the "**IPO Proceeds**"). As announced on 14 June 2024, the IPO proceeds was fully utilised for payment to contractors and suppliers relating to the construction of the Shenzhen BMW service center, Guangzhou Genesis showroom and Foshan Genesis showroom, the store renovation and parts purchases of the Chongqing BMW store as well as payment of BMW spare parts inventory.

| | Allocation of IPO Proceeds | Amount utilised | Balance |
|---|---|---|---|
| | S$'000 | S$'000 | S$'000 |
| Increasing the number of dealerships, showrooms and service centres in cities with existing operations, namely in Foshan, Shenzhen, Guangzhou, Chongqing, Changsha and Wuhan | 6,000 | 6,000 | – |
| Expanding business through growing the dealership network to new regions, diversifying to other premium and ultra-premium automobile brands, and expanding and diversifying into complementary businesses | 3,000 | 3,000 | – |
| General working capital purposes | 7,311 | 7,311 | – |
| **Total** | **16,311** | **16,311** | **–** |

**NON-SPONSOR FEES**

With reference to Rule 1204(21) of the Catalist Rules, there were no non-sponsor fees paid to the Company's Sponsor, RHT Capital Pte. Ltd. for FY2024.

# FINANCIAL CONTENTS



# DIRECTORS' STATEMENT

The directors present their statement to the members together with the audited consolidated financial statements of the Group and statement of changes in equity of the Company for the financial year ended 31 December 2024.

In the opinion of the directors,

(i) the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Company and of the Group as at 31 December 2024 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year covered by the consolidated financial statements; and

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

## DIRECTORS

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

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

## ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

# DIRECTORS' STATEMENT

## DIRECTORS' INTERESTS IN SHARES OR DEBENTURES

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

| | Shareholdings registered in the name of director | | | Shareholdings in which the directors are deemed to have an interest | | |
|---|---|---|---|---|---|---|
| | **As at 21 January 2025** | **As at 31 December 2024** | **As at 31 December 2023** | **As at 21 January 2025** | **As at 31 December 2024** | **As at 31 December 2023** |
| **Company** | | | | | | |
| (No. of ordinary shares) | | | | | | |
| Francis Tjia[(1)] | – | – | – | 309,494,852 | 309,494,852 | 358,558,350 |
| Michael Cheung[(2)] | 11,181,339 | 11,181,339 | 11,041,248 | 11,389,439 | 11,389,439 | 10,764,439 |
| Mark Fukunaga[(3)] | – | – | – | 32,708,152 | 32,708,152 | 26,881,848 |
| Steven Petersohn | – | – | 350,000 | – | – | – |

Notes:

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

(2) Mr Michael Cheung is deemed to have an interest in the 11,389,439 shares held by him through a nominee account maintained with Citibank Nominees Singapore Pte. Ltd.

(3) Mr Mark Fukunaga is the Chief Executive Officer and Chairman of Servco Pacific Inc. ("**Servco**"). Mr Mark Fukunaga and his associates hold more than 20.0% shares in Servco which wholly-owns TCA Investments, a direct shareholder of the Company. Accordingly, Mr Mark Fukunaga is deemed interested in the Shares held directly by TCA Investments.

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

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

## SHARE OPTIONS

TCA Employee Share Option Scheme

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

# DIRECTORS' STATEMENT

## SHARE OPTIONS (CONTINUED)

TCA Employee Share Option Scheme (continued)

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

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

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

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

There were no options being exercised during the financial year.

## AUDIT AND RISK COMMITTEE

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

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

All members of the Audit and Risk Committee were independent and non-executive directors. The Audit and Risk Committee carried out its functions and reviewed:

- the audit plan of the Company's independent auditor and any recommendations on internal accounting controls arising from the statutory audit;

- the assistance given by the Company's management to the independent auditor;

- the independence and objectivity of the independent auditor;

- the consolidated financial statements of the Group for the financial year ended 31 December 2024 and the statement of financial position and statement of changes in equity of the Company as at 31 December 2024 before their submission to the Board of Directors, as well as the independent auditor's report on the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company; and

- Interested person transactions as defined under Chapter 9 of the Catalist Rules to ensure that they are on normal commercial terms and not prejudicial to the interest of the Company or its shareholders;

# DIRECTORS' STATEMENT

## AUDIT AND RISK COMMITTEE (CONTINUED)

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

The Audit and Risk Committee has full access to and has the co-operation of the management and has been given the resources required for it to discharge its function properly. It also has full discretion to invite any director and executive officer to attend its meetings. The independent auditor has unrestricted access to the Audit and Risk Committee.

The Audit and Risk Committee has recommended to the Board of Directors the nomination of Deloitte & Touche LLP, for re-appointment as independent auditor of the Company at the forthcoming Annual General Meeting.

## INDEPENDENT AUDITOR

The independent auditor, Messrs Deloitte & Touche LLP, has expressed its willingness to accept re-appointment.

## ON BEHALF OF THE DIRECTORS

Francis Tjia
Director

Henry Tan
Director

1 April 2025

# *INDEPENDENT AUDITOR'S REPORT*

**TO THE MEMBERS OF TRANS-CHINA AUTOMOTIVE HOLDINGS LIMITED**

For the financial year ended 31 December 2024

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### Opinion

We have audited the financial statements of Trans-China Automotive Holdings Limited (the "**Company**") and its subsidiaries (collectively, the "**Group**"), which comprise the statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2024, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes of equity and consolidated statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and notes to the financial statements, including material accounting policy information, as set out on pages 95 to 150.

In our opinion, the accompanying consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of IFRS Accounting Standards issued by International Accounting Standards Board ("**IASB**") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2024 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and of the changes in equity of the Company for the financial year ended on that date.

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

### 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 of the current year. 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 Matters (Continued)**

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| Going concern basis of accounting | |
| As disclosed in Note 1 to the financial statements, as at 31 December 2024, the Group is in a net current liabilities position of RMB159,353,000 and incurred a net loss of RMB103,399,000 for the year ended 31 December 2024. The Group also has cash and cash equivalents and pledged bank deposits amounting to RMB33,770,000 and RMB348,973,000 respectively.<br><br>As at 31 December 2024, the Group has complied with all existing financial covenants of its bank borrowings and there has not been any breach of covenants identified.<br><br>Based on the Group's cash flow forecast as drawn up by management up to June 2026, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of these financial statements.<br><br>As the going concern assessment involves significant judgements and consideration of future events, we have identified this to be a key audit matter. | We evaluated management's assessment of the Group's ability to continue as a going concern by obtaining the cash flow forecast prepared by management and understanding the key assumptions underlying the cash flow forecast.<br><br>We assessed the reasonableness of the key assumptions used in developing these forecasts by comparing to historical and available market information, and performed a sensitivity analysis and stress-test on certain key assumptions.<br><br>We read the banking facilities agreements and evaluated management's assessment of the Group's compliance with its debt covenants as at 31 December 2024.<br><br>We also evaluated the adequacy and appropriateness of the related disclosures made in Note 1 to the financial statements. |

**Key Audit Matters (Continued)**

| Key Audit Matter | How our audit addressed the Key Audit Matter |
|---|---|
| <u>Recognition of vendor rebates receivables</u> | |
| 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 cost of inventories when the related vehicles are purchased and only deducted from cost of sales when the vehicles are sold once the entitlement conditions are fulfilled.<br><br>As at 31 December 2024, the Group has vendor rebates receivable of RMB145,323,000 (2023: RMB149,943,000), estimated by management, based on the entitlement conditions that the Group considered have fulfilled.<br><br>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. | We obtained an understanding of the design and implementation of relevant controls over management's internal controls in relation to the recognition of vendor rebate receivables and evaluated the accounting policy of recognising vendor rebate by examining the terms and conditions of the automotive manufacturers' supplier rebate arrangements according to the requirements of current accounting standards.<br><br>We reperformed calculations of the vendor rebates based on the terms of the underlying vendor rebates mechanism at the report date with assessment of relevant inputs and assumptions used in calculation on a sampling basis and performed retrospective review of the management's estimation by comparing the estimates provided in prior year to actual rebates received incurred in current year.<br><br>We circulated confirmations to the respective automobile vendors to confirm the rebate transactions received by the Group during the year.<br><br>We also evaluated the adequacy and appropriateness of the related disclosures made in Notes 4(c) and 9 to the financial statements. |
| <u>Net realisable value of inventories</u> | |
| As at December 31, 2024, inventories of the Group which comprised of mainly automobiles amounted to RMB177,571,000 (2023: RMB323,920,000). These inventories are carried at the lower of cost and net realisable value.<br><br>Management determines the net realisable value of automobiles by applying judgment and assumptions. Management evaluates, among other factors, the latest actual selling prices and/or the estimated selling price of respective automobiles based on the prevailing market information available for the comparable year and model. For the year ended 31 December 2024, a provision for inventories of RMB20,190,000 (2023: RMB33,130,000) is determined to be necessary.<br><br>We focused on this area due to the size of the inventories balance and the judgments involved by management in determining the net realisable value of the inventories which is subject to high level of estimation uncertainty. | We obtained an understanding of the design and implementation of relevant controls over the inventory process and estimated process of net realisable value of inventories and reviewed management's assessment of the allowance for inventories.<br><br>We have evaluated the reasonableness of the Group's inventory provision policy and assessed the reasonableness, on a sample basis, of the estimation of the net realisable value of inventories with reference to the recent selling prices, the estimated costs necessary to make the sale, physical conditions, ageing analysis and subsequent sales of inventories.<br><br>We also evaluated the adequacy and appropriateness of the related disclosures made in Notes 4(b) and 11 to the financial statements. |

**Information Other than the Financial Statements and Auditor's Report Thereon**

Management is responsible for the other information. The other information comprises the information included in 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 of financial statements that give a true and fair view in accordance with the provisions of the IFRS Accounting Standards issued by IASB, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

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 the 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.

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

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

- Conclude on the appropriateness of the 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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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, actions taken to eliminate threats or safeguards applied.

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 year 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 Mr Khor Tee Heng.

**Deloitte and Touche LLP**
Public Accountants and Chartered Accountants
Singapore

1 April 2025

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2024

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| Revenue | 19 | 2,554,466 | 3,455,524 |
| Cost of sales | | (2,574,427) | (3,394,811) |
| **Gross (loss) profit** | | (19,961) | 60,713 |
| Other income | 20 | 207,433 | 201,669 |
| Other gains, net | 21 | 625 | 4,796 |
| Selling expenses | | (139,909) | (158,760) |
| Administrative expenses | | (115,309) | (133,335) |
| Impairment losses recognised on property, plant and equipment, right-of-use assets and intangible assets | 5 | – | (25,829) |
| Operating loss | | (67,121) | (50,746) |
| Finance income | | 682 | 2,258 |
| Finance costs | | (37,011) | (44,372) |
| Finance costs, net | 24 | (36,329) | (42,114) |
| **Loss before tax** | 22 | (103,450) | (92,860) |
| Income tax credit | 25 | 51 | 1,285 |
| **Loss for the year** | | (103,399) | (91,575) |
| **Other comprehensive loss:** | | | |
| Item that may be reclassified to profit or loss: | | | |
| - Currency translation differences | | (3,419) | (2,177) |
| **Total comprehensive loss for the year** | | (106,818) | (93,752) |
| **Loss per share attributable to owners of the Company** | | | |
| - Basic and diluted | 27 | (0.18) | (0.16) |

# *CONSOLIDATED STATEMENT OF FINANCIAL POSITION*

As at 31 December 2024

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 5 | 224,880 | 243,321 |
| Right-of-use assets | 6 | 257,257 | 289,520 |
| Intangible assets | 7 | 57,016 | 57,823 |
| Deferred income tax assets | 26 | 7,914 | 11,468 |
| | | 547,067 | 602,132 |
| **Current assets** | | | |
| Inventories | 11 | 177,571 | 323,920 |
| Trade and other receivables | 9 | 246,916 | 251,421 |
| Prepayments and deposits | 10 | 100,979 | 87,150 |
| Pledged bank deposits | 12 | 348,973 | 252,237 |
| Cash and cash equivalents | 12 | 33,770 | 74,960 |
| | | 908,209 | 989,688 |
| **Total assets** | | 1,455,276 | 1,591,820 |
| **Equity attributable to the owners of the Company** | | | |
| Share capital | 13 | 41,994 | 41,994 |
| Share premium | 13 | 82,796 | 82,796 |
| Reserves | | 65,583 | 69,002 |
| (Accumulated loss) Retained earnings | | (98,869) | 4,530 |
| **Total equity** | | 91,504 | 198, 322 |

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

As at 31 December 2024

| | Notes | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|---|
| **LIABILITIES** | | | |
| **Non-current liabilities** | | | |
| Bank and other borrowings | 16 | 13,598 | 9,238 |
| Lease liabilities | 6 | 186,171 | 211,032 |
| Deferred income tax liabilities | 26 | 30,758 | 32,699 |
| Amount due to the immediate holding company | 31(b) | 65,683 | 73,900 |
| | | 296,210 | 326,869 |
| **Current liabilities** | | | |
| Trade and bills payable | 14 | 531,201 | 516,764 |
| Accruals and other payables | 14 | 65,770 | 73,802 |
| Contract liabilities | 15 | 90,309 | 90,328 |
| Bank and other borrowings | 16 | 319,533 | 325,019 |
| Lease liabilities | 6 | 38,446 | 27,157 |
| Current income tax liabilities | | 21 | 4,791 |
| Loan due to shareholder | 31(b) | 22,282 | 28,768 |
| | | 1,067,562 | 1,066,629 |
| **Total liabilities** | | 1,363,772 | 1,393,498 |
| **Total equity and liabilities** | | 1,455,276 | 1,591,820 |

# STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

| | Notes | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current asset** | | | |
| Investments in subsidiaries | 8 | –* | –* |
| **Current assets** | | | |
| Prepayments and deposits | 10 | 134 | 127 |
| Amounts due from subsidiaries | 31(b) | 187,684 | 204,278 |
| Cash and cash equivalents | 12 | 1,081 | 1,675 |
| | | 188,899 | 206,080 |
| **Total assets** | | 188,899 | 206,080 |
| **Equity attributable to the owners of the Company** | | | |
| Share capital | 13 | 41,994 | 41,994 |
| Share premium | 13 | 82,796 | 82,796 |
| Reserves | | (294,966) | (296,076) |
| Retained earnings | | 269,963 | 273,555 |
| **Total equity** | | 99,787 | 102,269 |
| **LIABILITIES** | | | |
| **Non-current liability** | | | |
| Amount due to the immediate holding company | 31(b) | 65,683 | 73,900 |
| **Current liabilities** | | | |
| Accruals and other payables | 14 | 1,147 | 1,143 |
| Loan due to shareholder | 31(b) | 22,282 | 28,768 |
| | | 23,429 | 29,911 |
| **Total liabilities** | | 89,112 | 103,811 |
| **Total equity and liabilities** | | 188,899 | 206, 080 |

* Below RMB1,000

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **Share capital RMB'000** | **Share premium RMB'000** | **Statutory reserve (Note) RMB'000** | **Exchange reserve RMB'000** | **Capital reserve RMB'000** | **Distributable reserve RMB'000** | **Retained earnings/ (accumulated loss) RMB'000** | **Total RMB'000** |
| **Group** | | | | | | | | |
| **At 1 January 2023** | 41,994 | 82,796 | 44,421 | 1,370 | (171,630) | 194,642 | 102,490 | 296,083 |
| Loss for the year | – | – | – | – | – | – | (91,575) | (91,575) |
| Currency translation differences | – | – | – | (2,177) | – | – | – | (2,177) |
| **Total comprehensive loss for the year** | – | – | – | (2,177) | – | – | (91,575) | (93,752) |
| Cash dividend paid (Note 17) | – | – | – | – | – | – | (4,009) | (4,009) |
| Transfer to statutory reserve | – | – | 2,376 | – | – | – | (2,376) | – |
| | – | – | 2,376 | – | – | – | (6,385) | (4,009) |
| **At 31 December 2023** | 41,994 | 82,796 | 46,797 | (807) | (171,630) | 194,642 | 4,530 | 198,322 |
| Loss for the year | – | – | – | – | – | – | (103,399) | (103,399) |
| Currency translation differences | – | – | – | (3,419) | – | – | – | (3,419) |
| **Total comprehensive loss for the year** | – | – | – | (3,419) | – | – | (103,399) | (106,818) |
| **At 31 December 2024** | 41,994 | 82,796 | 46,797 | (4,226) | (171,630) | 194,642 | (98,869) | 91,504 |

Note: The statutory reserve is non-distributable and the transfers of these funds are determined by management of the relevant subsidiaries in the Group in accordance with the laws and regulations in the People's Republic of China.

# STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2024

| | Attributable to owners of the Company | | | | | | |
|---|---|---|---|---|---|---|---|
| | Share capital RMB'000 | Share premium RMB'000 | Exchange reserve RMB'000 | Capital reserve RMB'000 | Distributable reserve RMB'000 | Retained earnings RMB'000 | Total RMB'000 |
| **Company** | | | | | | | |
| **At 1 January 2023** | 41,994 | 82,796 | (18,791) | (475,000) | 194,642 | 283,160 | 108,801 |
| Loss for the year | – | – | – | – | – | (5,596) | (5,596) |
| Currency translation differences | – | – | 3,073 | – | – | – | 3,073 |
| **Total comprehensive profit (loss) for the year** | – | – | 3,073 | – | – | (5,596) | (2,523) |
| Cash dividend paid (Note 17) | – | – | – | – | – | (4,009) | (4,009) |
| **At 31 December 2023** | 41,994 | 82,796 | (15,718) | (475,000) | 194,642 | 273,555 | 102,269 |
| Loss for the year | – | – | – | – | – | (3,592) | (3,592) |
| Currency translation differences | – | – | 1,110 | – | – | – | 1,110 |
| **Total comprehensive profit (loss) for the year** | – | – | 1,110 | – | – | (3,592) | (2,482) |
| **At 31 December 2024** | 41,994 | 82,796 | (14,608) | (475,000) | 194,642 | 269,963 | 99,787 |

# CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2024

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Operating activities** | | |
| Loss before tax | (103,450) | (92,860) |
| Adjustments for: | | |
| Amortisation of intangible assets | 807 | 807 |
| Depreciation of property, plant and equipment | 46,160 | 42,450 |
| Depreciation of right-of-use assets | 31,880 | 33,236 |
| Finance income | (682) | (2,258) |
| Finance costs | 37,011 | 44,372 |
| Gain on disposal of property, plant and equipment | (1,154) | (4,105) |
| Gain on leases modification | – | (653) |
| Impairment losses recognised on property, plant and equipment, right-of-use assets and intangible assets | – | 25,829 |
| (Reversal of) provision for inventories written down | (12,940) | 7,021 |
| Operating cash flows before movements in working capital | (2,368) | 53,839 |
| Decrease in inventories | 159,289 | 147,765 |
| (Increase) decrease in trade and other receivables, prepayments and deposits | (9,324) | 59,000 |
| Increase in pledged bank deposits | (96,736) | (47,253) |
| Increase (decrease) in trade and bills payable, accruals and other payables | 6,405 | (68,464) |
| Decrease in contract liabilities | (19) | (31,245) |
| Cash generated from operations | 57,247 | 113,642 |
| Income tax paid | (3,105) | (7,578) |
| **Net cash from operating activities** | 54,142 | 106,064 |
| **Investing activities** | | |
| Interest received | 682 | 3,794 |
| Purchases of property, plant and equipment | (54,091) | (82,061) |
| Proceeds from disposal of property, plant and equipment | 27,526 | 26,547 |
| **Net cash used in investing activities** | (25,883) | (51,720) |

# CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

For the financial year ended 31 December 2024

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Financing activities** | | |
| Interest paid | (37,011) | (44,282) |
| Proceeds from bank and other borrowings | 1,905,335 | 2,159,637 |
| Repayment of bank and other borrowings | (1,906,461) | (2,208,834) |
| Principal elements of lease payments | (13,189) | (17,979) |
| Repayment to the immediate holding company | (10,033) | – |
| Dividend paid | – | (4,009) |
| (Repayment) proceeds from shareholder's loan | (7,039) | 29,719 |
| **Net cash used in financing activities** | (68,398) | (85,748) |
| **Net decrease in cash and cash equivalents** | (40,139) | (31,404) |
| Effect of foreign exchange rate changes | (1,051) | 59 |
| Cash and cash equivalents at beginning of the year | 74,960 | 106,305 |
| **Total cash and cash equivalents at end of the year represented by cash and cash equivalents** | 33,770 | 74,960 |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION

Trans-China Automotive Holdings Limited (the "**Company**") was incorporated in the Cayman Islands on 18 December 2015 as an exempted company with limited liability under the Company Law, Cap 22 (Law 3 of 1961, as combined and revised, of the Cayman Islands). The address of the Company's registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (together, the "**Group**") are principally engaged in the business of automobile dealerships in the premium market segment in the People's Republic of China ("**PRC**"), which mainly includes (i) sales of automobiles, (ii) provision of after-sales services including maintenance and repair services; and (iii) agent commission including related registration and insurance services.

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

The consolidated financial statements are presented in Renminbi ("**RMB**") and rounded to the nearest thousand ("**RMB'000**"), unless otherwise stated, which is different from the Company's functional currency of United States dollars ("**US$**"), enable the shareholders of the Company to have a more accurate picture of the Group's financial position and performance in view of its place of operations. Certain disclosures in the consolidated financial statements refers to Hong Kong Dollars ("**HK$**") and Singapore Dollars ("**SGD**").

As at 31 December 2024, the Group is in a net current liabilities position of RMB159,353,000 (2023: RMB76,941,000) and incurred a net loss of RMB103,399,000 (2023: net loss of RMB91,575,000) for the year ended 31 December 2024. Included in the net current liabilities are contract liabilities in relation to the deposits received from customers for the sales of automobiles and provision of after-sales services amounting to RMB90,309,000 as at 31 December 2024 which are expected to be substantially realised through sales of automobiles and provision of after-sales services within 12 months from the end of the reporting period without refunding obligations.

Based on the Group's cash flow forecast as drawn up by management up to June 2026, the Board of Directors has concluded that the Group will have sufficient financial resources and there is no material uncertainty regarding the Group's ability to continue as a going concern for at least the next twelve months from the date of authorisation of these financial statements, having considered the following:

a) The Group is able to meet its current and future obligations as management expects the operations to continue generating positive operating cash flows in the next twelve months from the date of approval of these consolidated financial statements, having considered projected revenue, expenditure and vendor rebates;

b) The Group will continue to meet all existing financial covenants at least up to June 2026 and management will monitor the compliance with all financial covenants closely. As at 31 December 2024, the Group has complied with all existing financial covenants of its bank borrowings and there has not been any breach of covenants identified;

c) The availability of banking facilities to finance the Group's operations including ability to rollover short term loans. As at 31 December 2024, the Group has undrawn committed facilities of RMB33,000,000 and undrawn uncommitted facilities of RMB40,000,000, of which up to RMB30,000,000 is expected to be drawn down up to June 2026; and

d) The Group has no significant commitments as at 31 December 2024 that would require significant cash outflows.

## 1. GENERAL INFORMATION AND BASIS OF PREPARATION (CONTINUED)

Having taken into account the above, management considers that the Group will have sufficient financial resources to meet in full its working capital requirements and financial obligations as and when they fall due in the foreseeable future and there is no material uncertainty related to going concern as at the end of the reporting period. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared on the historical cost basis as explained in the accounting policies as set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ISSUED BY IASB

***New and amendments to IFRS Accounting Standards issued by IASB that are mandatorily effective for the current year***

In the current year, the Group has applied the following new and amendments to IFRS Accounting Standards issued by IASB for the first time, which are mandatorily effective for the Group's annual periods beginning on 1 January 2024 for the preparation of the consolidated financial statements:

| | |
|---|---|
| Amendments to IFRS 16 | Lease Liability in a Sale and Leaseback |
| Amendments to IAS 1 | Classification of Liabilities as Current or Non-current and related amendments to Hong Kong Interpretation 5 (2020) |
| Amendments to IAS 1 | Non-current Liabilities with Covenants |
| Amendments to IAS 7 and IFRS 7 | Supplier Finance Arrangements |

Except as described below, the application of the new and amendments to IFRS Accounting Standards issued by IASB in the current year has had no material impact on the Group's financial positions and performance for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

**Impacts on application of Amendments to IFRS 16 Lease Liability in a Sale and Leaseback**

The Group has applied the amendments for the first time in the current year. The amendments add subsequent measurement requirements for sale and leaseback transactions that satisfy the requirements of IFRS 15 Revenue from Contracts with Customers to be accounted for as a sale. The amendments require a seller-lessee to determine "lease payments" or "revised lease payments" such that the seller-lessee would not recognise a gain or loss that relates to the right of use retained by the seller-lessee. The amendments also clarify that applying the requirements does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to subsequent partial or full termination of a lease.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ISSUED BY IASB (CONTINUED)

***New and amendments to IFRS Accounting Standards issued by IASB that are mandatorily effective for the current year (continued)***

**Impacts on application of Amendments to IAS 1 Classification of Liabilities as Current or Non-current and related amendments to International Interpretation 5 (2020) (the "2020 Amendments") and Amendments to IAS 1 Non-current Liabilities with Covenants (the "2022 Amendments")**

The Group has applied the amendments for the first time in the current year. The 2020 Amendments provide clarification and additional guidance on the assessment of right to defer settlement for at least twelve months from reporting date for classification of liabilities as current or noncurrent, which:

- specify that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. Specifically, the classification should not be affected by management intentions or expectations to settle the liability within 12 months.

- clarify that the settlement of a liability can be a transfer of cash, goods or services, or the entity's own equity instruments to the counterparty. If a liability has terms that could, at the option of the counterparty, result in its settlement by the transfer of the entity's own equity instruments, these terms do not affect its classification as current or non-current only if the entity recognises the option separately as an equity instrument applying IAS 32 Financial Instruments: Presentation

The application of the amendments has had no material impact on the Group's financial positions and performance.

**Impacts on application of Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements**

The Group has adopted the amendments to IAS 7 and IFRS 7 for the first time in the current year. The amendments add a disclosure objective to IAS 7 Statement of Cash Flows stating that an entity is required to disclose information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the entity's liabilities and cash flows. In addition, IFRS 7 Financial Instruments: Disclosures was amended to add supplier finance arrangements as an example within the requirements to disclose information about an entity's exposure to concentration of liquidity risk.

In accordance with the transition provision, the entity is not required to disclose comparative information for any reporting periods presented before the beginning of the annual reporting period in the first year of application as well as the information required by IAS 7:44 (b)(ii) and (b)(iii) above as at the beginning of the annual reporting period in which the entity first applies those amendments.

The application of the amendments in the current year had no material impact on the consolidated financial statements.

## 2. APPLICATION OF NEW AND AMENDMENTS TO IFRS ACCOUNTING STANDARDS ISSUED BY IASB (CONTINUED)

***Amendments to IFRS Accounting Standards issued by IASB in issue but not yet effective***

The Group has not early applied the following amendments to IFRS Accounting Standards issued by IASB that have been issued but are not yet effective:

| | |
|---|---|
| Amendments to IFRS 9 and IFRS 7 | Amendments to the Classification and Measurement of Financial Instruments[3] |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[1] |
| Amendments to IFRS Accounting | Annual Improvements to HKFRS Accounting Standards Standards — Volume 11[3] |
| Amendments to IAS 21 | Lack of Exchangeability[2] |
| IFRS 18 | Presentation and Disclosure in Financial Statements[4] |
| IFRS 19 | Subsidiaries without Public Accountability: Disclosures[4] |

1 Effective for annual periods beginning on or after a date to be determined.
2 Effective for annual periods beginning on or after 1 January 2025.
3 Effective for annual periods beginning on or after 1 January 2026.
4 Effective for annual periods beginning on or after 1 January 2027.

Management anticipates that the application of all the amendments to IFRS Accounting Standards issued by IASB will have no material impact on the consolidated financial statements in the period of their initial adoption except for the following:

**IFRS 18 Presentation and Disclosure in Financial Statements**

IFRS 18 replaces IAS 1, carrying forward many of the requirements in IAS 1 unchanged and complementing them with new requirements. In addition, some IAS 1 paragraphs have been moved to IAS 8 and IFRS 7. Furthermore, the IASB has made minor amendments to IAS 7 and IAS 33 Earnings per Share.

IFRS 18 introduces new requirements to:

- present specified categories and defined subtotals in the statement of profit or loss
- provide disclosures on management-defined performance measures ("**MPMs**") in the notes to the financial statements
- improve aggregation and disaggregation.

An entity is required to apply IFRS 18 for annual reporting periods beginning on or after 1 January 2027, with earlier application permitted. The amendments to IAS 7 and IAS 33, as well as the revised IAS 8 and IFRS 7, become effective when an entity applies IFRS 18. IFRS 18 requires retrospective application with specific transition provisions.

The directors of the Company anticipate that the application of these amendments may have an impact on the Group's consolidated financial statements in future periods.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION

**Subsidiaries**

Subsidiaries are entities controlled by the Group. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee, and has the ability to use its power to affect its returns. Details of the Group's significant subsidiaries and composition of the Group are disclosed in Note 8.

Basis of consolidation

The consolidated financial statements of the Group incorporate the financial statements of the Company and its subsidiaries. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. When necessary, adjustments are made to the financial statements of subsidiaries to align their accounting policies with the those of the Group. All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation. Changes in the Group's interests in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Company's separate financial statements

Investments in subsidiaries in the Company's separate financial statements are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

**Foreign currency translation**

The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The consolidated financial statements of the Group and the statement of financial position of the Company are presented in RMB, the functional currency of the Company is US$.

In preparing the financial statements of the respective Group entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in an exchange reserve.

Upon the disposal of the entire interest in a foreign operation during the year, all of the exchange differences accumulated in the foreign exchange translation reserve in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Foreign currency translation (continued)**

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's operations are translated into the presentation currency of the Group using exchange rates prevailing at the end of each reporting period. Income and expenses items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve.

**Property, plant and equipment**

Property, plant and equipment are tangible assets that are held for use in the production or supply of goods and services, or for administrative purpose. Property, plant and equipment are stated in the consolidated statement of financial position at cost less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Property in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Costs include any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management, including costs of testing whether the related assets are functioning properly.

When the Group makes payments for ownership interests of properties which includes both leasehold land and building elements, the entire consideration is allocated between the leasehold land and the building elements in proportion to the relative fair values at initial recognition. To the extent the allocation of the relevant payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "right-of-use assets" in the consolidated statement of financial position.

Depreciation is recognised so as to write off the cost of assets less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

**Intangible assets**

<u>Goodwill</u>

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating unit ("**CGU**") that is expected to benefit from the synergies of the combination, which represent the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Intangible assets (continued)**

Goodwill (continued)

A CGU to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the CGU to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit.

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. Amortisation of dealership rights is charged to profit or loss on a straight-line basis over the assets' estimated useful life of 18 years. The useful life and method of amortisation of the dealership rights are reviewed annually.

**Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill**

At the end of the reporting period, the Group reviews the carrying amounts of its non-financial assets to determine whether there is any indication that these assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the relevant asset is estimated in order to determine the extent of the impairment loss (if any).

The recoverable amount of non-financial assets is estimated individually. When it is not possible to estimate the recoverable amount individually, the Group estimates the recoverable amount of the CGU to which the asset belongs.

In testing a CGU for impairment, corporates assets are allocated to the relevant CGU when a reasonable and consistent basis of allocation can be established. The recoverable amount is determined for the CGU to which the corporate asset belongs and is compared with the carrying amount of the relevant CGU.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or a CGU) for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or a CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or a CGU) is reduced to its recoverable amount. In allocating the impairment loss, the impairment loss is allocated first to reduce the carrying amount of any goodwill (if applicable) and then to the other assets on a pro-rata basis based on the carrying amount of each asset in the unit. The carrying amount of an asset is not reduced below the highest of its fair value less costs of disposal (if measurable), its value in use (if determinable) and zero. The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit. An impairment loss is recognised immediately in profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a CGU) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments**

Financial assets and financial liabilities are recognised when a group entity becomes a party to the contractual provisions of the instrument. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the market place.

Financial assets and financial liabilities are initially measured at fair value except for trade receivables arising from contracts with customers which are initially measured in accordance with IFRS 15 *Revenue from Contracts with Customers.* Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition.

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income and interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts and payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

<u>Financial assets</u>

*Classification of financial assets*

All recognised financial assets are subsequently measured in their entirety at either amortised cost, fair value through other comprehensive income or FVTPL based on the Group's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

The Group classifies its financial assets in the following measurement category. The basis of classification and subsequent measurement of the financial assets are further described in the respective notes.

- Financial assets at amortised cost: Financial assets that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding.

*Trade receivables and other receivables*

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 60 days and are therefore classified as current. Trade receivables are initially measured at their transaction price, when they are recognised at fair value. They are subsequently measured at amortised cost, less loss allowance.

Other receivables are recognised initially at fair value and are subsequently measured at amortised cost, less loss allowance. Details about the Group's credit risk management and impairment policies are disclosed in Note 29.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Financial instruments (continued)**

Financial assets (continued)

*Impairment of financial assets*

The Group recognises a loss allowance for expected credit losses ("**ECL**") on trade receivables and other receivables. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial asset. The ECL incorporates forward-looking information and is a probability-weighted estimate of the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive, discounted at the original effective interest rate. Details about the Group's credit risk management and impairment policies are disclosed in Note 29.

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

*Derecognition of financial assets*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Financial liabilities and equity

*Classification as debt or equity*

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

*Equity instruments*

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

*Financial liabilities at amortised cost*

Financial liabilities at amortised cost include trade payables, other payables and bank and other borrowings. These are initially measured at fair value, net of transaction costs that are directly attributable to the acquisition or issue of the financial liabilities, and are subsequently measured at amortised cost using the effective interest method.

*Derecognition of financial liabilities*

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Costs of inventories related to automobiles and spare parts are calculated using the individual method and weighted average method respectively. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale. Costs necessary to make the sale include incremental costs directly attributable to the sale and non-incremental costs which the Group must incur to make the sale.

**Cash and cash equivalents**

Cash and bank balances comprise cash on hand and on-demand deposits which are subsequently measured at amortised cost.

**Current and deferred income tax**

Income tax expense represents the sum of current and deferred tax. It is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively.

Current income tax

Current tax payable represents the amount expected to be paid to taxation authorities on taxable profit for the year, using tax rates enacted or substantively enacted at the reporting date and any adjustment to tax payable in respect of previous periods. The amount of current tax payable is the best estimate of the tax amount expected to be paid that reflects the uncertainty related to income taxes.

Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from (i) initial recognition of goodwill; or (ii) initial recognition of assets and liabilities in a transaction that is not a business combination, and at the time of the transaction affects neither accounting nor taxable profit and does not give rise to equal taxable and deductible temporary differences.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognised for deductible temporary differences associated with such investments only if it is probable that future taxable amounts will be available to utilise those temporary differences.

Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled, or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the reporting date.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Current and deferred income tax (continued)**

Deferred income tax (continued)

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For the freehold land and buildings measured at revalued amount, the Group expects the carrying amount to be recovered through use.

For the purposes of measuring deferred tax for leasing transactions in which the Group recognises the right-of-use assets and the related lease liabilities, the Group first determines whether the tax deductions are attributable to the right-of-use assets or the lease liabilities.

For leasing transactions in which the tax deductions are attributable to the lease liabilities, the Group applies IAS 12 requirements to lease liabilities and related assets separately. The Group recognises a deferred tax asset related to lease liabilities to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised and a deferred tax liability for all taxable temporary differences.

Offsetting

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority.

**Employee benefits**

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.

Post-employment obligations

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

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Employee benefits (continued)**

Post-employment obligations (continued)

*Hong Kong*

The Group operates a defined contribution plan, the Mandatory Provident Fund ("**MPF**") scheme 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 profit or loss and other 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 profit or loss and other comprehensive income as incurred.

**Revenue recognition**

Revenue from contracts with customers

The Group recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the products or services underlying the particular performance obligation is transferred to the customers.

A performance obligation represents a good and service (or a bundle or goods or services) that is distinct or a series of distinct goods or services that are substantially the same.

*Sales of automobiles*

Sales of automobiles are recognised when the control of the automobiles are transferred to the customers at a point in time, being when the automobiles are delivered to the customers, 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.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Revenue recognition (continued)**

Revenue from contracts with customers (continued)

*Agent commission*

Agent commission is recognised in the amount of any fee or commission to which it expects to be entitled in the exchange for arranging for the specified goods or services to be provided by the other party. In this case, the Group does not control the specified good or service provide by another party before that good or service is transferred to the customer. Agent commission is recognised at point in time when the services have been rendered.

*After-sales services*

After-sales services, including provision of motor vehicle repair and maintenance service, is recognised when the relevant service is rendered without further performance obligations.

*Contract liabilities*

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 sales of automobiles and/or provision of after-sales services are recognised as contract liabilities.

Customers can use the cash coupons on purchases of after-sales 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 or expired.

**Handling and commission fee income and insurance rebates**

The Group is an agent if its performance obligation is to arrange for the provision of the specified service by another party. In respect of mortgage referral service and insurance brokerage referral service, the Group does not control the specified service provided by another party before that service is transferred to the customer. When the Group acts as an agent, it recognises commission income under “other income” when the customers accepted the services provided by another party and in the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the specified services to be provided by the other party.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Vendor rebates**

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

Vendor rebates relating to vehicles purchased and sold are deducted from cost of sales, and the vendor 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.

**Leases**

The Group as lessee

The Group assesses whether a contract is or contains a lease, at inception of the contract. A right-of-use asset and a corresponding lease liability are recognised with respect to all lease arrangements, except for short-term leases (those with a lease term of 12 months or less). For these leases, the Group recognises the lease payments as an operating expense on a straight-line basis over the term of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Group uses its incremental borrowing rate.

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.

Lease payments included in the measurement of the Group's lease liabilities comprise mainly of fixed lease payments over the lease terms.

## 3. MATERIAL ACCOUNTING POLICY INFORMATION (CONTINUED)

**Leases (continued)**

The Group as lessee (continued)

A right-of-use asset is initially measured at cost comprising the initial lease liability, any lease payments made at or before the commencement date (less any lease incentives received), any initial direct costs and any restoration costs. The right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses. The right-of-use assets are depreciated over the lease terms commencing from the date of the lease, and are tested for impairment in accordance with the policy similar to that adopted for property, plant and equipment in Note 5.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect the lease payments made.

*Lease modifications*

The Group accounts for a lease modification as a separate lease if:

- the modification increases the scope of the lease by adding the right to use one or more underlying assets; and

- the consideration for the leases increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the particular contract.

For a lease modification that is not accounted for as a separate lease, the Group remeasures the lease liability, less any lease incentive receivables, based on the lease term of the modified lease by discounting the revised lease payments using a revised discount rate at the effective date of the modification.

The Group accounts for the remeasurement of lease liabilities by making corresponding adjustments to the relevant right-of-use asset.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

*Key sources of estimation uncertainty*

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets within the next twelve months.

(a) Impairment of property, plant and equipment, right-of-use assets and intangible assets (including goodwill)

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 of disposal and value in use; 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.

The recoverable amounts of the CGU to which the property, plant and equipment, right-of-use assets and intangible assets (including goodwill) have been determined based on value in use calculations or fair value less costs of disposal. These calculations require the use of estimates and judgements.

As at 31 December 2024, the carrying amounts, net of impairment of property, plant and equipment, right-of-use assets and intangible assets (including goodwill) were RMB224,880,000, RMB257,257,000 and RMB57,016,000 (2023: RMB243,321,000, RMB289,520,000 and RMB57,823,000) respectively. Impairment gain (losses) of RMB Nil, RMB Nil and RMB Nil (2023: RMB1,790,000, RMB3,760,000 and RMB20,279,000) have been recognised against the carrying amount of property and equipment, right-of-use assets and intangible assets (including goodwill), respectively during the year ended 31 December 2024. Details of the impairment of property, plant and equipment, right-of-use assets and intangible assets (including goodwill) are disclosed in Notes 5, 6 and 7 respectively.

## 4. KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

*Key sources of estimation uncertainty (continued)*

(b) Net realisable value of inventories

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

As at 31 December 2024, the carrying amount of inventories was RMB177,571,000 (2023: RMB323,920,000), net of write-down for inventories of RMB20,190,000 (2023: RMB33,130,000).

(c) Vendor rebates receivables

The Group receives incentive rebates from automobile suppliers from time to time depending on the policies of the manufacturers and the amount of incentive rebates for a given period is generally determined with reference to the Group's purchase volume, sales volume, customer satisfaction and other performance indicators set by the manufacturers with respect to that period. The Group recognises incentive rebates on an accrual basis based on management's best estimates and judgements as of the relevant reporting date by reference to the Group's actual purchase volume, actual sales volume and the estimated results of assessment by the automobile suppliers of the Group's performance in various aspects during that period. When the actual rebates received by the Group differ from the estimated amount, adjustment will be made and recognised in the period in which such event takes place.

As at 31 December 2024, the carrying amount of vendor rebates receivables from automobile suppliers was RMB145,323,000 (2023: RMB149,943,000).

## 5. PROPERTY, PLANT AND EQUIPMENT

| | Construction -in-progress RMB'000 | Buildings and leasehold improvements RMB'000 | Plant and machinery RMB'000 | Furniture, fixtures and office equipment RMB'000 | Motor vehicles RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2023** | | | | | | |
| Opening net book amount | 946 | 150,369 | 11,501 | 10,339 | 54,787 | 227,942 |
| Additions | 30,335 | 5,186 | 5,853 | 3,153 | 37,534 | 82,061 |
| Disposals | – | (7) | (107) | (71) | (22,257) | (22,442) |
| Depreciation (Note 22) | – | (21,609) | (3,470) | (4,031) | (13,340) | (42,450) |
| Impairment loss recognised | – | (1,001) | (515) | (274) | – | (1,790) |
| Transfer | (30,957) | 28,352 | – | 2,605 | – | – |
| Closing net book amount | 324 | 161,290 | 13,262 | 11,721 | 56,724 | 243,321 |
| **At 31 December 2023** | | | | | | |
| Cost | 324 | 303,278 | 50,817 | 41,457 | 95,437 | 491,313 |
| Accumulated depreciation and impairment | – | (141,988) | (37,555) | (29,736) | (38,713) | (247,992) |
| Net book amount | 324 | 161,290 | 13,262 | 11,721 | 56,724 | 243,321 |
| **Year ended 31 December 2024** | | | | | | |
| Opening net book amount | 324 | 161,290 | 13,262 | 11,721 | 56,724 | 243,321 |
| Additions | 21,025 | 1,599 | 454 | 3,384 | 27,629 | 54,091 |
| Disposals | – | 26 | (80) | (253) | (26,065) | (26,372) |
| Depreciation (Note 22) | – | (25,146) | (3,523) | (3,948) | (13,543) | (46,160) |
| Transfer | (20,687) | 11,811 | – | 319 | 8,557 | – |
| Closing net book amount | 662 | 149,580 | 10,113 | 11,223 | 53,302 | 224,880 |
| **At 31 December 2024** | | | | | | |
| Cost | 662 | 316,484 | 51,192 | 44,900 | 105,558 | 518,796 |
| Accumulated depreciation and impairment | – | (166,904) | (41,079) | (33,677) | (52,256) | (293,916) |
| Net book amount | 662 | 149,580 | 10,113 | 11,223 | 53,302 | 224,880 |

## 5. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Depreciation is charged so as to write off the cost over their estimated useful lives, using the straight-line method, at the following expected useful lives:

| | |
|---|---|
| Buildings | 20 years |
| Leasehold improvements | Over the shorter of the relevant lease terms or 5 years |
| Plant and machinery | 5 years |
| Furniture, fixtures and office equipment | 5 years |
| Motor vehicles | 3 to 5 years |

As at 31 December 2024, the property, plant and equipment with carrying value of RMB51,921,000 (2023: RMB44,291,000) was pledged as security for certain bank and other borrowings of the Group (Note 16).

Impairment assessment

As a result of a decrease in revenue and incurring operating losses for certain CGUs during the year ended 31 December 2024, management concluded that impairment indicators existed on these CGUs and performed an impairment assessment on property, plant and equipment and right-of-use assets.

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

For the fair value less costs of disposal of the individual asset within the CGUs, management has considered relevant publicly available information, the alternative use of the assets.

Based on the assessment, no impairment losses have been recognised against the carrying amount of property, plant and equipment and right-of-use assets of these CGUs respectively during the year ended 31 December 2024.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 6. RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

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

Amounts recognised in the consolidated statement of financial position

| | Leasehold buildings | Land use right | Total |
|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 |
| **Cost:** | | | |
| At 1 January 2023 | 299,037 | 157,194 | 456,231 |
| Additions | 25,607 | – | 25,607 |
| Modification | (11,880) | – | (11,880) |
| At 31 December 2023 | 312,764 | 157,194 | 469,958 |
| Modification | (8,225) | – | (8,225) |
| At 31 December 2024 | 304,539 | 157,194 | 461,733 |
| **Accumulated depreciation:** | | | |
| At 1 January 2023 | 99,652 | 46,114 | 145,766 |
| Depreciation | 27,945 | 5,291 | 33,236 |
| Eliminated on modification | (2,324) | – | (2,324) |
| At 31 December 2023 | 125,273 | 51,405 | 176,678 |
| Depreciation | 26,589 | 5,291 | 31,880 |
| Eliminated on modification | (7,842) | – | (7,842) |
| At 31 December 2024 | 144,020 | 56,696 | 200,716 |
| **Accumulated impairment:** | | | |
| At 1 January 2023 | – | – | – |
| Impairment loss recognised | 3,760 | – | 3,760 |
| At 31 December 2023 and 31 December 2024 | 3,760 | – | 3,760 |
| **Carrying amount:** | | | |
| At 31 December 2024 | 156,759 | 100,498 | 257,257 |
| At 31 December 2023 | 183,731 | 105,789 | 289,520 |

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

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

The Group leases several assets including various offices, showrooms, car parks and stores. The lease term ranges from 3 to 25 years (2023: 3 to 25 years). The Group has land lease arrangement with PRC government and leased office and parking spaces in Hong Kong.

At 31 December 2024, certain short-term borrowings of the Group are secured by land use rights amounted to RMB100,496,000 (2023: RMB105,789,000) (Note 16).

Details of the impairment of right-of-use assets are disclosed in Note 5.

(ii) Lease liabilities

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Maturity analysis: | | |
| Within one year | 38,446 | 27,157 |
| Within two to five years | 62,935 | 74,396 |
| More than 5 years | 123,236 | 136,636 |
| | 224,617 | 238,189 |
| Analysed as: | | |
| Current | 38,446 | 27,157 |
| Non-current | 186,171 | 211,032 |
| | 224,617 | 238,189 |

The total cash outflow for lease liabilities for the year ended 31 December 2024 is amounted to RMB 28,290,000 (2023: RMB35,055,000).

The weighted average incremental borrowing rate applied to lease liabilities ranges from 6.7% to 6.8% (2023: 6.7% to 6.8%).

(iii) Short-term leases

For the year ended 31 December 2024, lease payments for short-term leases amounted to RMB 3,914,000 (2023: RMB4,810,000).

The Group regularly enters into short-term leases for car parks. There are no changes to the portfolio of short-term leases from prior year.

## 7. INTANGIBLE ASSETS

| | Goodwill | | | |
|---|---|---|---|---|
| | BMW 4S dealership business RMB'000 | McLaren 4S dealership business RMB'000 | Dealership rights RMB'000 | Total RMB'000 |
| **Cost:** | | | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 90,610 | 4,172 | 30,827 | 125,609 |
| **Amortisation:** | | | | |
| At 1 January 2023 | – | – | 4,840 | 4,840 |
| Amortisation | – | – | 807 | 807 |
| At 31 December 2023 | – | – | 5,647 | 5,647 |
| Amortisation | – | – | 807 | 807 |
| At 31 December 2024 | – | – | 6,454 | 6,454 |
| **Impairment:** | | | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 41,860 | 4,172 | 16,107 | 62,139 |
| **Carrying amount:** | | | | |
| At 31 December 2024 | 48,750 | – | 8,266 | 57,016 |
| At 31 December 2023 | 48,750 | – | 9,073 | 57,823 |

Goodwill is allocated to the Group's CGU identified according to their business operation.

The recoverable amount of the CGU 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 CGU 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 CGU:

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 7. INTANGIBLE ASSETS (CONTINUED)

BMW 4S dealership business

| | 2024 | 2023 |
|---|---|---|
| Revenue growth rate | 2.0% | 2.4% |
| Pre-tax discount rate | 12.1% | 12.8% |
| Terminal growth rate | 2.0% | 2.0% |

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

McLaren 4S dealership business

No additional impairment losses were recognised during the year ended 31 December 2024. During the year ended 31 December 2023, management has approved business plan to cease the operation of certain supercar division in 2023 and consequently determined impairment of goodwill and dealership rights directly related to McLaren 4S dealership business amounting to RMB 4,172,000 and RMB 16,107,000 respectively which have been recognised in retained earnings.

Details of the impairment of property, plant and equipment and right-of-use assets are disclosed in Note 5.

## 8. PARTICULARS OF PRINCIPAL SUBSIDIARIES

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2024 and 2023 are as follows:

| Names | Place of incorporation/ registration | Particulars of share capital/ paid-up capital | Principal activities | Effective interest held as at 31 December | |
|---|---|---|---|---|---|
| | | | | 2024 | 2023 |
| TCA Shenzhen (BVI) Limited& | British Virgin Islands | US$10 | Investment holding | 100% | 100% |
| TCA Holdings (HK) Limited& | Hong Kong | HK$126,856,939 | 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 provision of motor vehicle after-sales services | 100%# | 100%# |
| 深圳市創豐寶汽車銷售服務有限公司 Shenzhen Chuangfengbao Automobile Sales and Services Co., Ltd*,@ | PRC | RMB50,000,000 | Sale of automobiles and provision of motor vehicle after-sales services | 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 provision of motor vehicle after-sales services | 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 provision of motor vehicle after-sales services | 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 provision of motor vehicle after-sales services | 100%# | 100%# |
| 長沙創興盛汽車銷售服務有限公司 Changsha Bright Focus Automobile Sales and Services Co., Ltd*,@ | PRC | RMB1,000,000 | Sale of automobiles and provision of motor vehicle after-sales services | 100%# | 100%# |

## 8. PARTICULARS OF PRINCIPAL SUBSIDIARIES (CONTINUED)

Particulars of the principal subsidiaries, each of which is a limited liability company, as at 31 December 2024 and 2023 are as follows: (continued)

| Names | Place of incorporation/ registration | Particulars of share capital/ paid-up capital | Principal activities | Effective interest held as at 31 December | |
|---|---|---|---|---|---|
| | | | | 2024 | 2023 |
| 廣州市銳盛汽車銷售服務有限公司<br>Guangzhou Ruisheng Automobile Sales and Services Co., Ltd*,@ | PRC | RMB1,000,000 | Sale of automobiles and provision of motor vehicle after-sales services | 100%# | 100%# |
| 耀驊汽車管理服務深圳有限公司<br>Yaohua Automobile Management Service (Shenzhen) Co., Ltd*,@ | PRC | RMB40,000,000 | Providing management services to group entities | 100%# | 100%# |
| 重慶百澤實業有限公司<br>Chongqing Baize Industrial Co., Ltd*,& | PRC | RMB10,000,000 | Assets holding | 100%# | 100%# |
| 廣東耀驊租賃有限公司<br>Guangdong Yaohua Leasing Co., Ltd* | PRC | RMB12,734,723 | Provision of licensing service | 100%# | 100%# |
| 廣州耀驊捷賽汽車銷售服務有限公司<br>Guangzhou Yaohua Genesis Automobile Sales and Services Co., Ltd*,@ | PRC | RMB10,000,000 | Sale of automobiles and provision of motor vehicle after-sales services | 100%# | 100%# |
| 長沙耀驊捷賽汽車銷售服務有限公司<br>Changsha Yaohua Genesis Automobile Sales and Services Co., Ltd*,@ | PRC | RMB20,000,000 | Sale of automobiles and provision of motor vehicle after-sales services | 100%# | 100%# |
| 佛山耀驊捷賽汽車銷售服務有限公司<br>Foshan Yaohua Genesis Automobile Sales and Services Co., Ltd*,@ | PRC | RMB10,000,000 | Sale of automobiles and provision of motor vehicle after-sales services | 100%# | 100%# |

* The English name is for identification purpose only.
& The accounts have not been audited and are insignificant to the Group.
@ Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP for consolidation purposes.
# Interest held indirectly.

The above table lists the subsidiaries of the Company which management has assessed to principally affect the results for the year or form a substantial portion of the assets and liabilities of the Group. Management has assessed that disclosure of details of other subsidiaries would result in particulars of excessive length.

## 9. TRADE AND OTHER RECEIVABLES

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Trade receivables | 12,314 | 7,006 |
| Vendor rebates receivable | 145,323 | 149,943 |
| Value-added tax ("**VAT**") receivable | 32,827 | 37,774 |
| Handling fee and insurance commission receivable | 6,879 | 9,170 |
| Mortgage commission fee receivable | 31,899 | 26,091 |
| Indemnity provided by manufacturers for repair and maintenance costs incurred | 13,438 | 14,833 |
| Other receivables | 4,236 | 6,604 |
| | 246,916 | 251,421 |

The Group applies the simplified approach to provide for ECL prescribed by IFRS 9, which permits the use of the lifetime expected loss provision for trade receivables. The Group considers the credit risk characteristics and the days past due to measure the ECL. During the year ended 31 December 2024, the expected losses for customers of sales of automobiles and provision of motor vehicle repair and maintenance service is minimal and the ECL rate is close to zero. No provision for impairment of trade receivables has been made for the year ended 31 December 2024 (2023: Nil).

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

There has been no change in the estimation techniques or significant assumptions made during the current reporting period in assessing the loss allowance for other receivables.

## 10. PREPAYMENTS AND DEPOSITS

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Prepayments to manufacturers | 63,771 | 46,063 | – | – |
| Security deposits for borrowings from manufacturers | 21,486 | 20,650 | – | – |
| Other prepayments and deposits | 15,722 | 20,437 | 134 | 127 |
| Total | 100,979 | 87,150 | 134 | 127 |

## 11. INVENTORIES

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Automobiles | 141,521 | 298,204 |
| Spare parts | 56,240 | 58,846 |
| | 197,761 | 357,050 |
| Provision for inventories | (20,190) | (33,130) |
| | 177,571 | 323,920 |

As at 31 December 2024, inventories with carrying amounts of RMB49,572,000 (2023: RMB117,584,000) have been pledged as security for certain borrowings from manufacturers (Note 16).

Due to inventories sold during the year above its carrying amounts, the Group reversed RMB12,940,000, being part of an inventory write-down made in 2023, to the current year profit or loss. The reversal is included in 'Cost of sales' line item.

## 12. PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 RMB'000 | 2023 RMB'000 | 2024 RMB'000 | 2023 RMB'000 |
| Cash at banks | 33,684 | 74,755 | 1,081 | 1,675 |
| Cash on hand | 86 | 205 | – | – |
| Cash and cash equivalents | 33,770 | 74,960 | 1,081 | 1,675 |
| Pledged bank deposits | 348,973 | 252,237 | – | – |
| Total | 382,743 | 327,197 | 1,081 | 1,675 |

As at 31 December 2024, the Group has cash at banks amounting to approximately RMB30,802,000 held in the PRC (2023: RMB49,428,000). These cash and bank balances are subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Pledged bank deposits carry fixed interest rate from 0.30% to 1.95% (2023: from 0.30% to 1.95%) per annum as at 31 December 2024. Pledged bank deposits were pledged for bills payable granted by financial institutions to certain subsidiaries of the Group. The deposits are to be released upon the settlement of relevant bills payable.

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

## 13. SHARE CAPITAL AND SHARE PREMIUM

| | Number of shares | |
|---|---|---|
| | ('000) | US$ ('000) |
| Ordinary share of US$0.01 each | | |
| **Authorised** | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 10,000,000 | 100,000 |

| | Number of ordinary shares | Share capital | Share premium | Total |
|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **Issued and fully paid** | | | | |
| At 1 January 2023, 31 December 2023 and 31 December 2024 | 589,615,183 | 41,994 | 82,796 | 124,790 |

## 14. TRADE AND BILLS PAYABLE, ACCRUALS AND OTHER PAYABLES

| | Group | | Company | |
|---|---|---|---|---|
| | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Trade payables | 15,317 | 36,477 | – | – |
| Bills payable | 515,884 | 480,287 | – | – |
| Trade and bills payable | 531,201 | 516,764 | – | – |
| Payroll and welfare payables | 18,453 | 24,718 | 1,137 | 1,133 |
| VAT payable | 7,507 | 5,281 | – | – |
| Other tax payables | 2,096 | 3,331 | – | – |
| Deferred income | 17,122 | 14,100 | – | – |
| Other payables and accrued charges | 20,592 | 26,372 | 10 | 10 |
| Accruals and other payables | 65,770 | 73,802 | 1,147 | 1,143 |
| Total | 596,971 | 590,566 | 1,147 | 1,143 |

## 14. TRADE AND BILLS PAYABLE, ACCRUALS AND OTHER PAYABLES (CONTINUED)

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

Bills payables primarily relate to the Group's use of bank acceptance notes to finance its purchase of passenger vehicles, with a credit period of one to six months. The Group continues to recognise these bills payables as the relevant banks are obliged to make payments only on due dates of the bills, under the same conditions as agreed with the suppliers without further extension. In the consolidated statement of cash flows, settlements of these bills are included within operating cash flows based on the nature of the arrangements. The Group pledged its bank deposits and/or certain inventories to banks as security for bills payables disclosed in Note 12 and Note 11 respectively.

## 15. CONTRACT LIABILITIES

Contract liabilities represented the deposit received from customers for purchasing of automobiles and unused cash coupon issued by certain subsidiaries of the Group to customers for motor vehicle after-sales service and typically no credit period is allowed. The balance is expected to be recognised as revenue.

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Deposits received from customers | 79,822 | 79,953 |
| Unused cash coupon | 10,487 | 10,375 |
| | 90,309 | 90,328 |

*Revenue recognised in relation to contract liabilities*

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Revenue recognised in relation to contract liabilities at 1 January | 77,420 | 110,600 |

As at 1 January 2023, contract liabilities amounted to RMB 121,573,000.

## 16. BANK AND OTHER BORROWINGS

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| *Current:* | | |
| Bank borrowings - secured | 180,901 | 170,000 |
| Bank borrowings - guaranteed | 20,000 | – |
| Borrowings from manufacturers - secured | 96,429 | 96,009 |
| Other borrowings - secured | 22,203 | 59,010 |
| | 319,533 | 325,019 |
| *Non-current:* | | |
| Borrowings from manufacturers - secured | 6,877 | 1,978 |
| Other borrowings - secured | 6,721 | 7,260 |
| | 13,598 | 9,238 |
| | 333,131 | 334,257 |

The exposure of the Group's borrowings are as follows:

| | Group | |
|---|---|---|
| | 2024 | 2023 |
| | RMB'000 | RMB'000 |
| Fixed-rate borrowings | 333,131 | 334,257 |

The Group's borrowings were repayable as follows:

| | Group | | | | | |
|---|---|---|---|---|---|---|
| | Bank borrowings | | Borrowings from manufacturers | | Other borrowings | |
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Within 1 year | 200,901 | 170,000 | 96,429 | 96,009 | 22,203 | 59,010 |
| Between 1 to 2 years | – | – | 4,653 | 1,099 | 5,832 | 7,260 |
| Between 2 to 5 years | – | – | 2,224 | 879 | 889 | - |
| | 200,901 | 170,000 | 103,306 | 97,987 | 28,924 | 66,270 |

### 16. BANK AND OTHER BORROWINGS (CONTINUED)

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

| | 2024 | 2023 |
|---|---|---|
| Bank borrowings | 4.6% | 5.9% |
| Borrowings from manufacturers | 6.1% | 8.5% |
| Other borrowings | 5.6% | 7.1% |

The fair values of the bank and other borrowings approximate their carrying amounts as at 31 December 2024 and 2023. Details of the Group's exposure to risks arising from non-current borrowings are set out in Note 29.

As at 31 December 2024 and 2023, certain borrowings of the Group were secured by certain assets held by the Group and personal guarantees by certain related parties of the Group.

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Inventories | 49,572 | 117,584 |
| Right-of-use assets | 100,496 | 105,789 |
| Property, plant and equipment | 51,921 | 44,291 |
| Security deposits for borrowings from manufactures and other borrowings | 21,486 | 20,650 |
| | 223,475 | 288,314 |

### 17. DIVIDENDS

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| *Ordinary dividends* | | |
| Cash dividend paid in respect of the previous financial year (2022 Final) - RMB0.0068 per share | – | 4,009 |

At the Annual General Meeting on 25 April 2023, a dividend of RMB0.0068 per share for 589,615,183 ordinary shares with total amount of RMB4,009,000 has been paid on 8 May 2023.

## 18. 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 automobiles and provision of after-sales services.

(i) Information about geographical area

All of the Group's revenue is derived from the sales of automobiles and provision of after-sales services to external customers in the PRC and the principal non-current assets employed by the Group are located in the PRC. 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 for both years.

## 19. REVENUE

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Sales of automobiles | 2,051,846 | 2,943,682 |
| After-sales services | 497,840 | 505,752 |
| Agent commission | 4,780 | 6,090 |
| | 2,554,466 | 3,455,524 |

During the years ended 31 December 2024 and 2023, all of the Group's revenue is from contracts with customers and is recognised at a point in time.

All contracts from sales of automobiles and after sales-services are for periods of one year or less.

## 20. OTHER INCOME

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Handling and commission fee income | 184,442 | 173,573 |
| Insurance rebate | 206 | 4,952 |
| Customers' deposits forfeited | 1,264 | 3,547 |
| Government grants (Note) | 1,210 | 199 |
| Pre-owned cars and fleet sale commissions | 6,258 | 9,565 |
| Others | 14,053 | 9,833 |
| | 207,433 | 201,669 |

Note:
It represented cash received from unconditional grants by the local government to encourage the business operations in the PRC. Government grants are recognised in profit or loss when received.

## 21. OTHER GAINS (LOSSES), NET

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Gain on disposals of property, plant and equipment | 1,154 | 4,105 |
| Net exchange differences | 1,084 | 746 |
| Gain on leases modification | – | 653 |
| Others | (1,613) | (708) |
| | 625 | 4,796 |

## 22. (LOSS) PROFIT BEFORE TAX

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Cost of sales of automobiles and spare parts | 2,557,144 | 3,355,901 |
| Employee benefit expenses (including directors' emoluments) (Note 23) | 138,644 | 157,013 |
| (Reversal of) provision for inventories write-down | (12,940) | 7,021 |
| Audit fees: | | |
| - auditors of the company and network firms | 1,965 | 1,902 |
| - other auditors | 238 | 272 |
| Depreciation of property, plant and equipment | 46,160 | 42,450 |
| Depreciation of right-of-use assets | 31,880 | 33,236 |
| Amortisation of intangible assets | 807 | 807 |
| Short-term lease expenses | 3,914 | 4,810 |

There are no non-audit fees paid or payable to the auditors of the company and network firms.

## 23. EMPLOYEE BENEFIT EXPENSES (INCLUDING DIRECTORS' EMOLUMENTS)

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Wages and salaries | 124,435 | 144,065 |
| Pension costs - defined contribution plans | 14,209 | 12,948 |
| | 138,644 | 157,013 |

## 24. FINANCE COSTS, NET

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Finance income | | |
| - Bank interest income | 682 | 2,258 |
| Finance costs | | |
| - Interest on bank and other borrowings | (16,929) | (21,239) |
| - Interest on lease liabilities | (15,101) | (17,076) |
| - Interest on shareholder's loan (Note 31(a)) | (1,079) | (370) |
| - Other finance charges | (3,902) | (5,687) |
| | (37,011) | (44,372) |
| Finance costs, net | (36,329) | (42,114) |

## 25. INCOME TAX CREDIT

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Current income tax: | | |
| - PRC enterprise income tax ("**EIT**") | 94 | 1,855 |
| - PRC withholding tax on dividends distributed by PRC subsidiaries | – | 1,154 |
| | 94 | 3,009 |
| (Over) under-provision in prior year | | |
| - EIT | (1,758) | 5,849 |
| Total current tax (credit) expense | (1,664) | 8,858 |
| Deferred tax (Note 26) | 1,613 | (10,143) |
| Total | (51) | (1,285) |

## 25. INCOME TAX CREDIT (CONTINUED)

The income tax credit for the year can be reconciled to the loss before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Loss before tax | (103,450) | (92,860) |
| Tax calculated at the respective domestic tax rates applicable to the subsidiaries in the respective jurisdictions | (24,094) | (17,211) |
| Tax effect of expenses not deductible for tax purposes | 68 | 1,151 |
| Utilisation of tax losses previously not recognised | (25) | (1,526) |
| Tax effect of tax losses not recognised | 25,758 | 10,452 |
| (Over) under-provision in prior year | (1,758) | 5,849 |
| Income tax credit | (51) | (1,285) |

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

The EIT has been provided for at applicable tax rates under the relevant regulations of the PRC on the estimated assessable profit of entities within the Group established in the PRC for the year. The general EIT rate is 25% (2023: 25%). Certain subsidiaries in the PRC were able to qualify as Large-Scale Development of Western China which are subject to a preferential EIT rate of 15% (2023: 15%) for the years ended 31 December 2024 and 2023.

## 26. DEFERRED INCOME TAX

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and they relate to income taxes levied by the same taxation authority, are as follows:

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| **Opening balance at the beginning of year** | (21,231) | (31,374) |
| (Credited) charged to profit or loss (Note 25) | (1,613) | 10,143 |
| **Closing balance at the end of year** | (22,844) | (21,231) |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 26. DEFERRED INCOME TAX (CONTINUED)

The following are the major deferred tax assets (liabilities) recognised by the Group, and the movements thereon, during the current and prior reporting periods:

Deferred income tax assets

| | Provision for inventory RMB'000 | Lease liabilities* RMB'000 | Unused cash coupon RMB'000 | Social Insurance RMB'000 | Decelerated tax depreciation RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|---|
| **At 1 January 2023** | 5,650 | 30,880 | 1,950 | 1,310 | 847 | 40,637 |
| Credited (charged) to profit or loss | 2,028 | (5,646) | 530 | – | (227) | (3,315) |
| **At 31 December 2023** | 7,678 | 25,234 | 2,480 | 1,310 | 620 | 37,322 |
| (Charged) credited to profit or loss | (3,835) | 13,853 | 141 | 140 | 1,097 | 11,396 |
| **At 31 December 2024** | 3,843 | 39,087 | 2,621 | 1,450 | 1,717 | 48,718 |

Deferred income tax liabilities

| | Accelerated depreciation RMB'000 | Unremitted earnings (Note) RMB'000 | Accelerated amortisation RMB'000 | Right-of-use assets* RMB'000 | Total RMB'000 |
|---|---|---|---|---|---|
| **At 1 January 2023** | – | (8,039) | (33,092) | (30,880) | (72,011) |
| Credited to profit or loss | – | 3,557 | 4,255 | 5,646 | 13,458 |
| **At 31 December 2023** | – | (4,482) | (28,837) | (25,234) | (58,553) |
| (Charged) credited to profit or loss | (3,513) | 1,649 | 2,708 | (13,853) | (13,009) |
| **At 31 December 2024** | (3,513) | (2,833) | (26,129) | (39,087) | (71,562) |

* As at 1 January 2023, the Group recognises deferred income tax asset of RMB30,880,000 (31 December 2023: RMB25,234,000) and deferred income tax liability of RMB30,880,000 (RMB25,234,000) in relation to its lease liabilities and right-of-use assets respectively, following the adoption of the amendments to IAS 12.

The following is the analysis of the deferred income tax balances (after offset) for financial reporting purposes:

| | 2024 RMB'000 | 2023 RMB'000 |
|---|---|---|
| Deferred income tax assets | 7,914 | 11,468 |
| Deferred income tax liabilities | (30,758) | (32,699) |

## 26. DEFERRED INCOME TAX - CONTINUED

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 has been recognised due to the unpredictability of future profit streams.

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Tax losses expiring: | | |
| - Within 1 year | 9,662 | 11,054 |
| - Between 2-5 years | 139,185 | 61,644 |
| - Without expiry date | 129,011 | 92,894 |
| | 277,858 | 165,592 |

Note:

The EIT Law and its implementation rules impose a withholding tax at 10%, unless reduced by a tax treaty or arrangement, for dividends distributedby the mainland China-resident enterprises to their non-mainland China resident corporate investors for profits earned since 1 January 2008. Under the Sino-Hong Kong Double Tax Arrangement, a qualified Hong Kong tax resident is entitled to a reduced withholding tax rate of 5% if the Hong Kong tax resident is the "beneficial owner" and holds 25% or more of the equity interests of the mainland China enterprise directly. Since the Group controls the quantum and timing of distribution of profits of the Group's subsidiaries in the mainland China, deferred tax liabilities are only provided to the extent that such profits are expected to be distributed in the foreseeable future.

As at 31 December 2024, the aggregate amount of temporary differences associated with unremitted earnings of the PRC subsidiaries amounted to RMB56,652,000 (2023: RMB89,637,000) for which deferred income tax liabilities have been recognised.

## 27. LOSS PER SHARE

(a) Loss earnings per share

The calculation of the loss per share attributable to owners of the Company is based on the loss attributable to owners of the Company.

| | 2024 | 2023 |
|---|---|---|
| Loss attributable to owners of the Company (RMB'000) | (103,399) | (91,575) |
| Weighted average number of ordinary shares | | |
| Weighted average number of ordinary shares in issue (thousands) | 589,615 | 589,615 |
| Basic loss per share (RMB) | (0.18) | (0.16) |

(b) Diluted loss per share

Diluted loss per share equals to basic loss per share as there were no potential ordinary shares in issue during the years ended 31 December 2024 and 2023.

## 28. CAPITAL RISK MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior years.

The capital structure of the Group consists of net debt and equity of the Group. Debt is defined by the Group as bank and other borrowings and lease liabilities as disclosed in Notes 16 and 6 respectively. Net debt is defined as debt after deducting cash and cash equivalents. Equity includes issued capital, share premium, reserves and retained earnings.

Management reviews the capital structure on a continuous basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital. Based on management's recommendations, the Group will balance its overall capital structure through payment of dividends, issue of new shares as well as raise of new borrowings.

## 29. FINANCIAL RISK MANAGEMENT

Categories of financial instruments

| | Group | | Company | |
|---|---|---|---|---|
| | 2024<br>RMB'000 | 2023<br>RMB'000 | 2024<br>RMB'000 | 2023<br>RMB'000 |
| **Financial assets** | | | | |
| At amortised cost | 605,610 | 570,906 | 188,765 | 206,080 |
| **Financial liabilities** | | | | |
| At amortised cost | 965,854 | 980,253 | 89,112 | 103,811 |
| Lease liabilities | 224,617 | 238,189 | – | – |

Financial risk management objectives and policies

The Group's and the Company's major financial instruments include trade and other receivables, deposits, pledged bank deposits, cash and cash equivalents, trade and bills payable, other payables, bank and other borrowings, loan due to shareholder, amount due to the immediate holding company and lease liabilities. Details of the financial instruments are disclosed in respective notes.

The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the financial year ended 31 December 2024

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Market risk**

*Currency risk*

Certain bank balances, trade and other payables, loan due to shareholder and amount due to the immediate holding company are denominated in foreign currency other than the functional currencies of respective group entities which exposes the Group to foreign currency risk. Certain bank balances are denominated in foreign currency which exposes the Company to foreign currency risk. The Group and the Company currently do not have a foreign exchange hedging policy. However, the management of the Group and the Company monitors foreign exchange exposure and will consider hedging significant foreign exchange exposure should the need arise.

The carrying amounts of the Group's and the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

| | Group | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| SGD | 653 | 626 | – | – |
| US$ | 387 | 953 | 89,112 | 103,811 |
| HK$ | 1,702 | 3,458 | 1,482 | 318 |
| RMB | 123 | 20,288 | – | – |

| | Group | | | |
|---|---|---|---|---|
| | Assets | | Liabilities | |
| | 2024 | 2023 | 2024 | 2023 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| SGD | 647 | 622 | – | – |
| HK$ | 104 | 136 | – | – |

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Market risk (continued)**

*Currency risk (continued)*

*Sensitivity analysis*

The Group is mainly exposed to SGD, US$, HK$ and RMB. The following table details the Group's sensitivity to a 5% (2023: 5%) increase and decrease in SGD, US$ and HK$ against RMB. 5% (2023: 5%) is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible changes in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 5% (2023: 5%) change in foreign currency rates. A positive number below indicates an increase in profit or loss for the year where SGD, US$ and HK$ strengthen by 5% (2023: 5%) against the functional currency. For a 5% (2023: 5%) weakening of SGD, US$ and HK$ against the functional currency, there would be an equal and opposite impact on the profit or loss for the year.

| **Group** | **SGD impact** | | **US$ impact** | | **HK$ impact** | | **RMB impact** | |
|---|---|---|---|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** | **2024** | **2023** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Impact on profit or loss for the year | 24 | 23 | (3,327) | (3,857) | 8 | 118 | 5 | 761 |

| **Company** | **SGD impact** | | **HK$ impact** | |
|---|---|---|---|---|
| | **2024** | **2023** | **2024** | **2023** |
| | **RMB'000** | **RMB'000** | **RMB'000** | **RMB'000** |
| Impact on profit or loss for the year | 24 | 23 | 4 | 5 |

In the management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure does not reflect the exposure during both years.

*Interest rate risk*

The Group is exposed to fair value interest rate risk in relation to its lease liabilities, pledged bank deposits, fixed rate bank and other borrowings and loan due to shareholder (see Note 6, Note 12, Note 16 and Note 31 respectively). The Group is also exposed to cash flow interest rate risk in relation to fixed rate bank balances (see Note 12).

The Company is exposed to fair value interest rate risk in relation to its loan due to shareholder and fixed-rate bank borrowing (see Note 31 and Note 16 respectively). The Company is also exposed to cash flow interest rate risk in relation to variable-rate bank balances (see Note 12). The Group's and the Company's cash flow interest rate risk is mainly concentrated on the fluctuation of interest rates on bank balances and bank and other borrowings. The Group and the Company manage its interest rate exposures by assessing the potential impact arising from any interest rate movements based on interest rate level and outlook.

During the years ended 31 December 2024 and 2023, the Group and the Company have not hedged its cash flow and fair value interest rate risks.

The management considers that the exposure of cash flow interest rate risk of the Group and the Company arising from variable-rate bank balances is insignificant. No sensitivity analysis is presented accordingly.

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Credit risk and impairment assessment**

Credit risk refers to the risk that the Group's and the Company's counterparties default on their contractual obligations resulting in financial losses to the Group and the Company. The Group's credit risk is primarily attributable to its trade and other receivables, deposits, pledged bank deposits and cash and cash equivalents and the Company's credit risk is primarily attributable to its deposits, amounts due from subsidiaries and cash and cash equivalents.

The Group applied the simplified approach in IFRS 9 to measure the credit loss allowance at lifetime ECL. Except for handling fee and insurance commission receivable, mortgage commission fee receivable, indemnity provided by manufacturers and vendor rebates receivable (included in other receivables) which are assessed individually based on the credit risk of the counterparty, the Group determines the ECL on the remaining trade receivables on a collective basis 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. Moreover, credit limits are set for individual counterparties and periodic reviews are conducted to ensure that the limits are strictly followed.

The Group and the Company consider 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 and the Company compare the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

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

Pledged bank deposits and cash and cash equivalents are deposited in financial institutions with high credit quality and the Group and the Company do not expect any significant counterparty risk.

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Credit risk and impairment assessment (continued)**

The Group and the Company apply the "three-stage" approach on the remaining other receivables and deposits to provide for ECL. The maximum period considered when measuring ECL is the maximum contractual period over which the Group and the Company are 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 and the Company. Provision for impairment is measured at an amount equal to the portion of lifetime ECL 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 ECL on a lifetime basis ("lifetime ECL"); and

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

The Group and the Company measure 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 other receivables and deposits;

- Exposure at Default ("**EAD**"): The EAD represents the expected balance at default, taking into account the repayments from the balance sheet date to the default event. EAD is based on the amounts the Group and the Company expect 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 other receivables and deposits 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 the other receivables and deposits from the point of initial recognition. The maturity profile is based on historical data and forward-looking information.

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Credit risk and impairment assessment (continued)**

*Forward-looking information incorporated in the ECL model*

The assessment of ECL incorporates forward-looking information and is performed on a semi-annually. The criteria used in the assessment are monitored and reviewed periodically for appropriateness by the management. The Group and the Company consider forward-looking information with reference to the macro-economic indicators in the PRC including:

- Annual industrial production growth; and
- Unemployment rate.

During the years ended 31 December 2024 and 2023, the ECL is minimal and the ECL rate approximate to zero, given there is no history of significant defaults and no adverse change is anticipated in the future business environment.

**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 and the Company's primary cash requirements have been the payment for operating expenses. The Group and the Company mainly finances its working capital requirements through proceeds from bank and other borrowings, amount due to the immediate holding company and loan due to shareholder.

The Group's and the Company'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.

Management is of the opinion that the Group is able to meet their obligations for the next financial year as and when they fall due. Refer to Note 1 for management's assessment on the appropriateness of the continuing use of the going concern assumption in the preparation of the financial statements.

The following table details the Group's and the Company's remaining contractual maturity for its financial liabilities which has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and the Company can be required to pay. The maturity dates for financial liabilities are based on the agreed repayment dates.

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Liquidity risk (continued)**

**The Group**

The table includes both interest and principal cash flows. The undiscounted amount is derived from interest rate at the end of the reporting period.

| | Effective interest rate | On demand/ maturity less than 1 year | Maturity between 1 to 2 years | Maturity between 2 to 5 years | Maturity over 5 years | Total undiscounted cash flow | Total |
|---|---|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At 31 December 2024** | | | | | | | |
| Trade and bills payable, accruals and other payables | – | 554,278 | – | – | – | 554,278 | 544,758 |
| Bank and other borrowings | 5.2% | 329,718 | 8,484 | 2,352 | – | 340,554 | 333,131 |
| Lease liabilities | 6.7% | 38,547 | 33,279 | 70,971 | 150,452 | 293,249 | 224,617 |
| Amount due to the immediate holding company | – | – | 65,683 | – | – | 65,683 | 65,683 |
| Loan due to shareholder | 8.0% | 23,619 | – | – | – | 23,619 | 22,282 |
| | | 946,162 | 107,446 | 73,323 | 150,452 | 1,277,383 | 1,190,471 |
| **At 31 December 2023** | | | | | | | |
| Trade and bills payable, accruals and other payables | – | 543,328 | – | – | – | 543,328 | 543,328 |
| Bank and other borrowings | 6.1% | 329,912 | 13,288 | 3,316 | – | 346,516 | 334,257 |
| Lease liabilities | 6.7% | 39,643 | 40,100 | 84,334 | 178,973 | 343,050 | 238,189 |
| Amount due to the immediate holding company | – | – | 73,900 | – | – | 73,900 | 73,900 |
| Loan due to shareholder | 6.0% | 29,056 | – | – | – | 29,056 | 28,768 |
| | | 941,939 | 127,288 | 87,650 | 178,973 | 1,335,850 | 1,218,442 |

## 29. FINANCIAL RISK MANAGEMENT (CONTINUED)

Financial risk management objectives and policies (continued)

**Liquidity risk (continued)**

**The Company**

| | Effective interest rate | On demand/ maturity less than 1 year | Maturity between 1 to 2 years | Total undiscounted cash flow | Total |
|---|---|---|---|---|---|
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At 31 December 2024** | | | | | |
| Accruals and other payables | – | 1,147 | – | 1,147 | 1,147 |
| Amount due to the immediate holding company | – | – | 65,683 | 65,683 | 65,683 |
| Loan due to shareholder | 8.0% | 23,619 | – | 23,619 | 22,282 |
| | | 24,766 | 65,683 | 90,449 | 89,112 |
| **At 31 December 2023** | | | | | |
| Accruals and other payables | – | 1,143 | – | 1,143 | 1,143 |
| Amount due to the immediate holding company | – | – | 73,900 | 73,900 | 73,900 |
| Loan due to shareholder | 6.0% | 29,056 | – | 29,056 | 28,768 |
| | | 30,199 | 73,900 | 104,099 | 103,811 |

Fair value measurements of financial instruments

The management of the Group and the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements/ financial statements of the company approximate their fair values at the end of the reporting period based on discounted cash flow analysis.

## 30. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Group's consolidated statement of cash flows as cash flows from financing activities.

| | Bank and other borrowings | Lease liabilities | Amount due to immediate holding company | Loan from a shareholder | Dividends payable | Other interest payable | Total |
|---|---|---|---|---|---|---|---|
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| **At 1 January 2023** | 382,378 | 240,770 | 71,790 | – | – | – | 694,938 |
| Financing cash flows | (70,436) | (35,335) | – | 29,719 | (4,009) | (5,687) | (85,748) |
| New lease entered/ lease modification | – | 15,398 | – | – | – | – | 15,398 |
| Finance costs | 21,239 | 17,076 | – | 370 | – | 5,687 | 44,372 |
| Dividends recognised as distribution | – | – | – | - | 4,009 | – | 4,009 |
| Exchange realignment | 1,076 | 280 | 2,110 | (1,321) | – | – | 2,145 |
| **At 31 December 2023** | 334,257 | 238,189 | 73,900 | 28,768 | – | – | 675,114 |
| Financing cash flows | (18,055) | (28,290) | (10,033) | (8,118) | – | (3,902) | (68,398) |
| New lease entered/ lease modification | – | (992) | – | – | – | – | (992) |
| Finance costs | 16,929 | 15,101 | – | 1,079 | – | 3,902 | 37,011 |
| Exchange realignment | – | 609 | 1,816 | 553 | – | – | 2,978 |
| **At 31 December 2024** | 333,131 | 224,617 | 65,683 | 22,282 | – | – | 645,713 |

## 31. RELATED PARTY DISCLOSURES

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 of key management and their close family member of the Group are also considered as related parties.

The Company is a subsidiary of TCA Fund L.P., an exempted limited partnership established in the Cayman Islands, which is also the Company's ultimate holding company. Related companies in these consolidated financial statements refer to members of the ultimate holding company's Group of companies that are not members of the Group. The Company's immediate holding company is TCA International Limited ("**TCAI**"), an exempted limited company established in the Cayman Islands.

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

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Interest expense on loan due to shareholder | 1,079 | 370 |

(b) Balances with related parties at end of each reporting period are as follows:

| | | Group | | Company | |
|---|---|---|---|---|---|
| | Note | 2024<br>RMB'000 | 2023<br>RMB'000 | 2024<br>RMB'000 | 2023<br>RMB'000 |
| **Non-trade in nature** | | | | | |
| Amount due to the immediate holding company | (i) | 65,683 | 73,900 | 65,683 | 73,900 |
| Amounts due from subsidiaries | (ii) | – | – | 187,684 | 204,278 |
| Loan due to shareholder | (iii) | 22,282 | 28,768 | 22,282 | 28,768 |

Notes:

(i) The balance with the immediate holding company was unsecured, interest-free and due on 30 June 2026.

(ii) The balances with subsidiaries were unsecured, interest free and repayable on demand, with their carrying values approximating their fair values.

(iii) The loan due to shareholder, Octo Holdings Limited, was unsecured, carried a fixed interest of 8% per annum and repayable on demand.

## 31. RELATED PARTY DISCLOSURES (CONTINUED)

(c) Compensation of directors and key management personnel

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Wages and salaries | 11,981 | 11,481 |
| Employer's contribution to defined contribution plans, including MPF | 59 | 55 |
| | 12,040 | 11,536 |

(d) Personal guarantees from related parties

The bank and other borrowings were supported by personal guarantees provided by certain directors of the immediate holding company to the extent as follows:

| | 2024<br>RMB'000 | 2023<br>RMB'000 |
|---|---|---|
| Personal guarantee from directors of the immediate holding company | 589,200 | 638,841 |

## 32. RECLASSIFICATIONS AND COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements resulting from reclassification in items from selling expenses to administrative expenses.

As a result, certain line items have been amended in the consolidated statement or profit or loss and other comprehensive income and consolidated statements of cash flows. Comparative figures have been adjusted to conform to the current year's presentation.

The items were reclassified as follows:

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

| | Group | |
|---|---|---|
| | 31 December 2023 | |
| | Previously reported<br>RMB'000 | After reclassification<br>RMB'000 |
| Selling expenses | (140,178) | (158,760) |
| Administrative expenses | (151,917) | (133,335) |

## 33. SUBSEQUENT EVENTS

There are no material subsequent events undertaken by the Company or the subsidiaries of the Group after 31 December 2024.

# STATISTICS OF SHAREHOLDINGS

As at 14 March 2025

| | |
|---|---|
| Class of Shares | - Ordinary shares |
| No. of Shares (excluding treasury shares and subsidiary holdings) | - 589,615,183 ordinary shares |
| Voting Rights | - One vote per share |
| No. of Treasury Shares and percentage | - Nil |
| No. of Subsidiary Holdings and percentage | - Nil |

## DISTRIBUTION OF SHAREHOLDINGS

| SIZE OF SHAREHOLDINGS | NO. OF SHAREHOLDERS | % | NO. OF SHARES | % |
|---|---|---|---|---|
| 1 - 99 | 9 | 1.57 | 342 | 0.00 |
| 100 - 1,000 | 103 | 17.91 | 94,185 | 0.02 |
| 1,001 - 10,000 | 238 | 41.39 | 1,199,873 | 0.20 |
| 10,001 - 1,000,000 | 200 | 34.78 | 31,257,741 | 5.30 |
| 1,000,001 AND ABOVE | 25 | 4.35 | 557,063,042 | 94.48 |
| **TOTAL** | **575** | **100.00** | **589,615,183** | **100.00** |

## TWENTY LARGEST SHAREHOLDERS

| NO. | NAME | NO. OF SHARES | % |
|---|---|---|---|
| 1 | MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 286,897,986 | 48.66 |
| 2 | UOB KAY HIAN PRIVATE LIMITED | 77,554,401 | 13.15 |
| 3 | CITIBANK NOMINEES SINGAPORE PTE LTD(1) | 36,134,330 | 6.13 |
| 4 | BNP PARIBAS NOMINEES SINGAPORE PTE LTD | 26,302,410 | 4.46 |
| 5 | ABN AMRO CLEARING BANK N.V. | 23,784,909 | 4.03 |
| 6 | RAFFLES NOMINEES (PTE.) LIMITED | 17,165,722 | 2.91 |
| 7 | DB NOMINEES (SINGAPORE) PTE LTD | 15,572,000 | 2.64 |
| 8 | CHEUNG CHEE WAI MICHAEL(1) | 10,900,731 | 1.85 |
| 9 | IFAST FINANCIAL PTE. LTD. | 9,590,003 | 1.63 |
| 10 | AGUS TANDIONO | 7,905,161 | 1.34 |
| 11 | HSBC (SINGAPORE) NOMINEES PTE LTD | 7,551,904 | 1.28 |
| 12 | DBS NOMINEES (PRIVATE) LIMITED | 4,600,860 | 0.78 |
| 13 | NOMURA SINGAPORE LIMITED | 4,547,731 | 0.77 |
| 14 | WOO CHUNG WAI (RAYMOND WOO) | 4,449,989 | 0.75 |
| 15 | JOSPRING INVESTMENTS LIMITED | 4,278,117 | 0.73 |
| 16 | BOUSTEAD SINGAPORE LIMITED | 4,060,000 | 0.69 |
| 17 | PHILLIP SECURITIES PTE LTD | 3,303,883 | 0.56 |
| 18 | KGI SECURITIES (SINGAPORE) PTE. LTD. | 2,230,000 | 0.38 |
| 19 | LIM GUAN PHENG | 2,000,000 | 0.34 |
| 20 | MAYBANK SECURITIES PTE. LTD. | 1,856,400 | 0.31 |
| | **TOTAL** | **550,686,537** | **93.39** |

**Note:**

(1) Mr Michael Cheung is deemed to have an interest in the 11,389,439 shares held by him through a nominee account maintained with Citibank Nominees Singapore Pte. Ltd.

# STATISTICS OF SHAREHOLDINGS

As at 14 March 2025

## SUBSTANTIAL SHAREHOLDERS AS AT 14 MARCH 2025

(As recorded in the Register of Substantial Shareholders)

| | | Direct Interest | | Deemed Interests | |
|---|---|---|---|---|---|
| No. | Name | No. of shares held | % | No. of shares held | % |
| 1. | Octo Holdings Limited | 310,009,852 | 52.58 | – | – |
| 2. | Francis Tjia(1) | – | – | 310,009,852 | 52.58 |
| 3. | TCA Investments | 32,708,152 | 5.55 | – | – |
| 4. | Mark Fukunaga(2) | – | – | 32,708,152 | 5.55 |

**Notes:**

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

(2) Mr Mark Fukunaga is the Chief Executive Officer and Chairman of Servco Pacific Inc. ("**Servco**"). Mr Mark Fukunaga and his associates hold more than 20.0% shares in Servco which wholly-owns TCA Investments, a direct shareholder of the Company. Accordingly, Mr Mark Fukunaga is deemed interested in the Shares held directly by TCA Investments.

## PERCENTAGE OF SHAREHOLDING IN PUBLIC'S HANDS

As at 14 March 2025, 38.04% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual Section B: Rules of Catalist of the Singapore Exchange Securities Trading Limited which requires at least 10% of the total number of issued shares (excluding preference shares, convertible equity securities and treasury shares) in a class that is listed at all times held by the public.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Annual General Meeting ("**AGM**" or "**Meeting**") of Trans-China Automotive Holdings Limited (the "**Company**") will be held at Singapore Business Federation, 160 Robinson Rd, #06-01 SBF Center, Singapore 068914 on Wednesday, 23 April 2025 at 10.00 a.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 2024 together with the Directors' Statement and Independent Auditors' Report thereon. ***Resolution 1***

2. To re-elect the following Directors who will be retiring pursuant to Articles 86(1) of the Articles of Association of the Company:

   (a) Mr Francis Tjia ***Resolution 2***
   (b) Mr Steven Petersohn ***Resolution 3***

   *[See Explanatory Note 1]*

3. To approve the payment of Directors' fees amounting up to S$219,750 for the financial year ended 31 December 2024, to be paid in arrears. ***Resolution 4***

4. To re-appoint Messrs Deloitte & Touche LLP as Auditors of the Company and to authorise the Directors to fix their remuneration. ***Resolution 5***

5. To transact any other business which may properly be transacted at the AGM of the Company.

## AS SPECIAL BUSINESS

To consider and, if thought fit, to pass the following resolutions with or without modifications as Ordinary Resolutions:

6. **Authority to Allot and Issue Shares** ***Resolution 6***

   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 always that:

(1) the aggregate number of shares (including shares to be issued pursuant to the Instruments, made or granted pursuant to this Resolution) and Instruments to be issued pursuant to this Resolution shall not exceed one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares and Instruments to be issued other than on a pro rata basis to existing shareholders of the Company shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the SGX-ST) for the purpose of determining the aggregate number of shares and Instruments that may be issued under sub-paragraph (1) above, the percentage of issued shares and Instruments shall be based on the number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

    (a) new shares arising from the conversion or exercise of the Instruments or any convertible securities;

    (b) new shares arising from exercising share options or vesting of share awards, provided the options or awards were granted in compliance with the Catalist Rules; and

    (c) any subsequent bonus issue, consolidation or subdivision of shares;

    provided that any adjustment(s) in accordance with sub-paragraphs (2)(a) or (2)(b) above are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of this Resolution; and

    in paragraphs (1) and (2) above, “subsidiary holdings” has the meaning given to it in the Catalist Rules of the SGX-ST;

(3) in exercising the Share Issue Mandate conferred by this Resolution, the Company shall comply with the provisions of the Catalist Rules for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum and Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, the Share Issue Mandate shall continue in force (i) until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required to be held, whichever is earlier or (ii) in the case of shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution, until the issuance of such shares in accordance with the terms of the Instruments.

*[See Explanatory Note 2]*

# NOTICE OF ANNUAL GENERAL MEETING

7. **Renewal of the Share Purchase Mandate** ***Resolution 7***

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 (the "**Other Exchange**"), through one or more duly licensed stockbrokers appointed by the Company for the purpose ("**Market Purchases**"); and/or

(ii) off-market purchases (if effected otherwise than on the SGX-ST or, as the case may be, the Other Exchange) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Catalist Rules of the SGX-ST ("**Off-Market Purchases**"),

and otherwise in accordance with all other laws and regulations, including but not limited to the Companies Act (as revised) of the Cayman Islands (the "**Cayman Islands Companies Act**"), the Memorandum and Articles of Association of the Company and the rules and regulations of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(b) the authority conferred on the Directors pursuant to the Share Purchase Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earliest of:

(i) the conclusion of the next AGM of the Company following the passing of this Resolution or the date by which such AGM is required to be held (whereupon it will lapse, unless renewed at such meeting);

(ii) the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting (if so varied or revoked prior to the next AGM of the Company); or

(iii) the date on which the purchases or acquisitions of Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(c) any Share that is purchased or otherwise acquired by the Company pursuant to the Share Purchase Mandate shall, at the discretion of the Directors of the Company, either be cancelled or held as a treasury share and dealt with in accordance with the Cayman Islands Companies Act; and

(d) the Directors and/or any of them be and are and/or is hereby authorised to complete and do all such acts and things (including, without limitation, executing such documents as may be required and approving any amendments, alterations or modifications to any documents) as they and/or he may consider expedient or necessary to give effect to the transactions contemplated by this Resolution and/or the Share Purchase Mandate.

In this Resolution:

"**Average Closing Price**" means:

(i) in the case of a Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company; or

(ii) in the case of an Off-Market Purchase, the average of the Closing Market Prices (as defined below) of a Share over the last five Market Days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the making of the offer pursuant to the Off-Market Purchase,

and deemed to be adjusted, in accordance with the Catalist Rules, for any corporate action that occurs during such five Market Day period and the day of the Market Purchase or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase;

"**Closing Market Price**" means the last dealt price for a Share transacted through the SGX-ST's trading system as shown in any publication of the SGX-ST or other sources;

"**Date of the Making of the Offer**" means the date on which the Company announces its intention to make an offer for the purchase or acquisition of Shares, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase;

"**Market Day**" means a day on which the SGX-ST is open for trading in securities;

"**Maximum Percentage**" means that number of issued Shares representing 10.0% of the issued Shares as at the date of the passing of this Resolution, unless the Company has, at any time during the Relevant Period, effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Cayman Islands Companies Act, in which event the total number of issued Shares of the Company shall be taken to be the total number of issued Shares as altered by the capital reduction. Any Shares which are held as treasury shares will be disregarded for purposes of computing the 10.0% limit;

"**Maximum Price**" in relation to a Share to be purchased or acquired, means the purchase price (excluding related or ancillary expenses in respect of the purchase or acquisition such as brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses (where applicable)) to be paid for a Share which will be determined by the Directors, provided that such purchase price shall not exceed:

(i) in the case of a Market Purchase, 105.0% of the Average Closing Price of the Shares; and

(ii) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120.0% of the Average Closing Price of the Shares; and

"**Relevant Period**" means the period commencing from the date of the passing of this Resolution and expiring on the conclusion of the next AGM of the Company or the date by which such AGM is required to be held, or the date on which the authority conferred by the Share Purchase Mandate is revoked or varied by the Company in a general meeting, whichever is the earliest, after the date of this Resolution.

*[See Explanatory Note 3]*

# NOTICE OF ANNUAL GENERAL MEETING

8. **Authority to grant options and issue shares under TCA Employee Share Option Scheme ("TCA ESOS")** *Resolution 8*

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 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 TCA ESOS shall not exceed fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time and that such authority shall, unless revoked or varied by the Company in a general meeting, continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM of the Company is required to be held, whichever is earlier.

*[See Explanatory Note 4]*

BY ORDER OF THE BOARD

Loo Shi Yi
Company Secretary
Singapore, 7 April 2025

# NOTICE OF ANNUAL GENERAL MEETING

## EXPLANATORY NOTES:

1. Pursuant to Article 86 of the Company's Articles of Association, each Director of the Company shall retire at least once every three (3) years and a retiring Director shall be eligible for re-election.

   Mr Francis Tjia will, upon re-election as Director of the Company, remain as the Executive Chairman and Chief Executive Officer and a member of the Nominating Committee. Please refer to Corporate Governance Report on pages 66 to 69 of the Annual Report for the detailed information required pursuant to Rule 720(5) of the Catalist Rules of the SGX-ST.

   Mr Steven Petersohn will, upon re-election as 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 Audit and Risk Committee and Nominating 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 66 to 69 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 6 above, if passed, will empower the Directors of the Company from the date of this AGM until the date of the next AGM of the Company, or the date by which the next AGM of the Company is required to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earliest, to issue shares, make or grant instruments convertible into shares and to issue shares pursuant to such instruments, up to a number not exceeding, in total, one hundred per centum (100%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company, of which up to fifty per centum (50%) may be issued other than on a pro rata basis to existing shareholders of the Company.

   For determining the aggregate number of shares that may be issued, the percentage of issued shares in the capital of the Company will be calculated based on the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company at the time this Resolution is passed after adjusting for new shares arising from the conversion or exercise of the Instruments or any convertible securities, the exercise of share options or the vesting of share awards outstanding or subsisting at the time when this Resolution is passed and any subsequent consolidation or subdivision of shares.

3. The Ordinary Resolution 7 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 Ordinary Resolution 7), at such price(s) as may be determined by the Directors from time to time up to the Maximum Price (as defined in Ordinary Resolution 7) 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 Ordinary Resolution 7) are carried out to the full extent mandated, whichever is the earliest.

4. The Ordinary Resolution 8 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 TCA ESOS (as defined in Ordinary Resolution 8) provided that the aggregate additional shares to be allotted and issued pursuant to TCA ESOS does not exceed in total (for the entire duration of TCA ESOS) fifteen per centum (15%) of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the capital of the Company from time to time.

# NOTICE OF ANNUAL GENERAL MEETING

**NOTES:**

1. The AGM will be held in a wholly physical format at Singapore Business Federation, 160 Robinson Rd, #06-01 SBF Center, Singapore 068914. There will be no option for Shareholders to participate virtually.

2. Attendees must bring their original NRIC/Passport for verification and registration on the day of the AGM.

3. A Shareholder of the Company (including Depositors holding Shares through The Central Depository (Pte) Limited ("**CDP**"), and including Relevant Intermediaries*) entitled to vote at the AGM may appoint a proxy or proxies to attend and vote at the AGM.

4. A Shareholder who is not a Relevant Intermediary or CDP may appoint not more than two proxies to attend and vote at the AGM. Where such Shareholder's Proxy Form appoints more than one proxy, the proportion of the shareholding to be represented by each proxy shall be specified in the Proxy Form.

5. The instrument appointing the proxy or proxies must be submitted to the Company in the following manner:

   (a) if submitted by post, be lodged at the office of the Company's Singapore Share Transfer Agent, In.Corp Corporate Services Pte. Ltd. at 36 Robinson Road, #20-01 City House, Singapore 068877; or

   (b) if submitted electronically, be submitted via email to the following email address: shareregistry@incorp.asia,

   by no later than 10.00 a.m. on 20 April 2025, being 72 hours before the time appointed for the holding of the Meeting, and in default the instrument of proxy shall not be treated as valid.

6. The instrument appointing the proxy must be signed by the appointer or his/her attorney duly authorised in writing. Where the Proxy Form is executed by a corporation, it must be executed either under its seal or signed on its behalf by an officer, attorney or other person duly authorised to sign the same. Where the Proxy Form is executed by an attorney on behalf of the appointer, 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.

7. If a Depositor who has Shares entered against his/her name in the Depository Register or a Shareholder who has Shares registered in his/her name in the Register of Members of the Company wishes to appoint a proxy or proxies to attend and vote at the AGM, he/she must complete, sign and return the Depositor Proxy Form or the Shareholder Proxy Form, respectively, for the Shares entered against his/her name in the Depository Register or the Shares registered in his/her name in the Register of Members of the Company (as the case may be).

8. A Depositor's name must appear on the Depository Register maintained by CDP at least 72 hours before the time fixed for holding the AGM in order for the Depositor to be entitled to vote on the resolution. Any Depositor who is holding his/her Shares via the CDP but whose name is not registered with the CDP 72 hours before the AGM will not be entitled to attend and vote at the AGM.

# NOTICE OF ANNUAL GENERAL MEETING

ACCESS TO DOCUMENTS OR INFORMATION RELATING TO THE AGM

1. Documents and information relating to the AGM, including this Notice of AGM, Proxy Forms, Notification to Shareholders, the Annual Report for financial year ended 31 December 2024 ("**Annual Report 2024**") and the Appendix to Shareholders dated 7 April 2025 in relation to the proposed renewal of the share purchase mandate ("**Appendix**") are electronically available on the Company's website at the URL https://tca-auto.com and on SGXNet at the URL https://www.sgx.com/securities/company-announcements. You will need an internet browser and a PDF reader to view these documents.

   Printed copies of the Annual Report 2024 and the Appendix will not be despatched to Shareholders, unless otherwise requested. For Shareholders' convenience, printed copies of (a) this Notice of AGM, (b) the Proxy Forms and (c) a Request Form (to request for printed copies of the Annual Report 2024 and the Appendix) ("**Request Form**") have been despatched to Shareholders.

2. Shareholders who wish to receive a printed copy of the Annual Report 2024 and the Appendix are required to complete the Request Form and return it 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 36 Robinson Road, #20-01 City House, Singapore 068877; or

   (b) if submitted electronically, be submitted via email to shareregistry@incorp.asia,

   by no later than 15 April 2025. A printed copy of the Annual Report 2024 and the Appendix will then be sent to the address specified by the Shareholders at their own risk.

SUBMISSION OF QUESTIONS PRIOR TO THE AGM

1. Shareholders may submit questions related to the resolutions to be tabled at the AGM no later than 10.00 a.m. on 15 April 2025 via email to shareregistry@incorp.asia or by post to 36 Robinson Road, #20-01 City House, Singapore 068877. The responses would be published on SGXNet and, if available, the Company's website on 17 April 2025.

2. Shareholders submitting questions are required to state: (a) their full name; and (b) their identification or registration number, failing which the Company shall be entitled to regard the submission as invalid and not respond to the questions submitted.

3. Any relevant and subsequent queries received after 10.00 a.m. on 15 April 2025 will be addressed at the AGM through the publication of the minutes of the AGM on SGXNet and the Company's website within one month from the conclusion of the AGM.

ATTENDANCE AT THE AGM

1. Due to the limited sitting capacity of the venue, only Shareholders whose names appear in the Register of Members and Depositors whose names appear in the Depository Register as at 72 hours before the time appointed for holding the AGM or the appointed proxy or proxies shall be entitled to attend the AGM of the Company.

* *Relevant Intermediary is:*

*(a) a banking corporation licensed under the Banking Act 1970 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 Singapore and who holds shares in that capacity; or*

# NOTICE OF ANNUAL GENERAL MEETING

*(c) the Central Provident Fund Board ("**CPF Board**") established by the Central Provident Fund Act 1953 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 CPF Board holds those shares in the capacity of an intermediary pursuant to or in accordance with that subsidiary legislation.*

**Personal Data Privacy:**

By submitting an instrument appointing proxy(ies) and/or representative(s) to attend and vote at the AGM and/or any adjournment thereof, a Depositor/Shareholder of the Company (i) consents to the collection, use and disclosure of the Depositor's/Shareholder'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, 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 Depositor/Shareholder discloses the personal data of the Depositor's/Shareholder's proxy(ies) and/or representative(s) to the Company (or its agents or service providers), the Depositor/Shareholder has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the Depositor/Shareholder will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the Depositor's/Shareholder's breach of warranty.

TRANS CHINA AUTOMOTIVE
耀骅汽车

Cricket Square, Hutchins Drive,
P.O. Box 2681, Grand Cayman,
KY1-1111, Cayman Islands

www.tca-auto.com