

冠 幪 控 股 有 限 公 司
GUAN CHAO HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 1872

2024



Interim Report

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Corporate Information

EXECUTIVE DIRECTORS

Mr. Tan Shuay Tarng Vincent
(Chairman and Chief Executive Officer)
Ms. Ng Hui Bin Audrey
Ms. Beng Lee Ser Marisa
Mr. Jin Zhehui (appointed on 29 July 2024)

NON-EXECUTIVE DIRECTOR

Mr. Raymond Wong

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Wing Tung
Mr. Hui Yan Kit
Mr. Tam Yat Kin Ken

AUDIT COMMITTEE

Mr. Chow Wing Tung *(Chairman)*
Mr. Tam Yat Kin Ken
Mr. Hui Yan Kit

REMUNERATION COMMITTEE

Mr. Hui Yan Kit *(Chairman)*
Mr. Tam Yat Kin Ken
Mr. Chow Wing Tung

NOMINATION COMMITTEE

Mr. Tam Yat Kin Ken *(Chairman)*
Mr. Chow Wing Tung
Mr. Hui Yan Kit

COMPLIANCE OFFICER

Mr. Tan Shuay Tarng Vincent

COMPANY SECRETARY

Mr. Lui Wai Sing

AUTHORISED REPRESENTATIVES

Mr. Tan Shuay Tarng Vincent
Mr. Lui Wai Sing

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
Registered Public Interest Entity Auditor
22/F, Prince's Building
Central
Hong Kong



Corporate Information

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN SINGAPORE

24 Leng Kee Road
#01-02, Leng Kee Autopoint
Singapore 159096

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Room 5705, 57/F, The Center
99 Queen's Road Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE IN THE CAYMAN ISLANDS

Conyers Trust Company (Cayman) Limited
Cricket Square, Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
17/F, Far East Finance Centre
16 Harcourt Road
Hong Kong

PRINCIPAL BANKERS

United Overseas Bank Limited
80 Raffles Place
UOB Plaza
Singapore 048624

Maybank Singapore Limited
200 Jalan Sultan #05-03
Textile Centre
Singapore 199018

COMPANY'S WEBSITE

www.guanchaoholdingsltd.com

STOCK CODE

1872



Interim Result

The board (“Board”) of Directors (the “Directors”) of Guan Chao Holdings Limited (the “Company”) is pleased to announce the unaudited condensed consolidated financial information of the Company and its subsidiaries (together, the “Group”) for the six months ended 30 June 2024, together with the comparative figures for the corresponding period in 2023.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		For the six months ended 30 June	
	Notes	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Revenue	4	80,120	112,213
Cost of sales	6	(71,041)	(97,899)
Gross profit		9,079	14,314
Other income		1,122	135
Other gains/(losses) — net		209	1,964
Selling and distribution expenses	6	(1,844)	(2,087)
General and administrative expenses	6	(5,908)	(5,488)
Operating profit		2,658	8,838
Finance income	5	80	54
Finance expenses	5	(1,583)	(1,569)
Finance expenses — net		(1,503)	(1,515)
Share of profit of joint ventures		151	225
Share of (loss)/profit of associates		(141)	29
Profit before income tax		1,165	7,577
Income tax expense	7	(515)	(1,179)
Profit and total comprehensive income for the period		650	6,398

Condensed Consolidated Statement of Comprehensive Income

		For the six months ended 30 June	
	Notes	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Profit and total comprehensive income attributable to:			
— Equity holders of the Company		951	6,398
— Non-controlling interests		(301)	—
		650	6,398
Earnings per share for profit attributable to equity holders of the Company for the period (expressed in Singapore cents per share)			
— Basic	8(a)	1.09	(restated) 7.11
— Diluted	8(b)	1.09	7.11

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
ASSETS			
Non-current assets			
Property, plant and equipment	10	32,514	33,576
Financial assets at fair value through other comprehensive income		14	100
Deferred income tax assets		250	301
Finance lease receivables		32,827	37,908
Investment in joint ventures		1,311	1,160
Investments in associates		2,055	2,197
		68,971	75,242
Current assets			
Inventories		41,461	36,730
Trade and other receivables and prepayments	11	24,138	19,926
Finance lease receivables		9,895	9,066
Cash and bank balances		8,622	12,975
		84,116	78,697
Total assets		153,087	153,939

Condensed Consolidated Statement of Financial Position

	Notes	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
EQUITY			
Capital and reserves attributable to owners of the Company			
Share capital	14	1,842	1,550
Share premium	14	13,514	11,864
Capital reserve	14	3,494	3,494
Share based payment reserve		1,440	1,440
Retained earnings		54,209	53,258
		74,499	71,606
Non-controlling interest		88	389
Total equity		74,587	71,995
LIABILITIES			
Non-current liabilities			
Borrowings	13	45,173	51,466
		45,173	51,466
Current liabilities			
Trade and other payables and provision for warranty	12	11,450	8,073
Borrowings	13	20,095	20,110
Derivative financial liabilities		84	87
Income tax liabilities		1,698	2,208
		33,327	30,478
Total liabilities		78,500	81,944
Total equity and liabilities		153,087	153,939

Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2024

	Attributable to owners of the Company						
	Share capital	Share premium	Capital reserve	Share based payment reserve	Retained earnings	Non-controlling interest	Total equity
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
Balance at 1 January 2023 (audited)	1,550	11,864	3,494	1,440	45,504	—	63,852
Profit and total comprehensive income for the period	—	—	—	—	6,398	—	6,398
Balance at 30 June 2023 (unaudited)	1,550	11,864	3,494	1,440	51,902	—	70,250
Balance at 1 January 2024 (audited)	1,550	11,864	3,494	1,440	53,258	389	71,995
Issue of new shares under general mandate (Note 14(b))	292	1,650	—	—	—	—	1,942
Profit and total comprehensive income for the period	—	—	—	—	951	(301)	650
Balance at 30 June 2024 (unaudited)	1,842	13,514	3,494	1,440	54,209	88	74,587

Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2024

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Cash flows from operating activities		
Cash generated from operations	3,180	13,389
Interest received	80	54
Income tax paid	(973)	(610)
<i>Net cash generated from operating activities</i>	2,287	12,833
Cash flows from investing activities		
Purchase of property, plant and equipment	(3,580)	(5,952)
Proceeds from disposal of financial assets at fair value through other comprehensive income	775	—
Proceeds from disposal of property, plant and equipment	2,231	4,067
<i>Net cash used in investing activities</i>	(574)	(1,885)
Cash flows from financing activities		
Proceeds from borrowings	6,387	23,182
Repayment of borrowings	(12,326)	(25,410)
Repayment of lease liabilities	(486)	(509)
Net proceeds from subscription of new shares	1,942	—
Interest paid	(1,583)	(1,569)
<i>Net cash used in financing activities</i>	(6,066)	(4,306)
Net increase in cash and cash equivalents	(4,353)	6,642
Cash and cash equivalents at 1 January	12,975	5,525
Cash and cash equivalents at 30 June	8,622	12,167

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

1. GENERAL INFORMATION OF THE GROUP

The Company was incorporated in the Cayman Islands on 4 July 2017 as an exempted company with limited liability under the Companies Law (Cap 22, Law 3 of 1961 as consolidated 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, the Cayman Islands.

The Company is an investment holding company. The principal activities of the Group are sales of new parallel-import motor vehicles and pre-owned motor vehicles, provision of motor vehicle financing services and motor vehicle insurance agency services, sales of motor vehicle spare parts and accessories and provision of motor vehicle leasing services. The ultimate holding company of the Company is Gatehouse Ventures Limited, a limited company incorporated in the British Virgin Islands on 10 May 2017. The ultimate controlling party of the Group is Mr. Tan Shuay Tarn Vincent ("Mr. Vincent Tan").

The Company's ordinary shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited on 28 February 2019.

The condensed consolidated interim financial information is presented in Singapore Dollar ("S\$") unless otherwise stated.

2. BASIS OF PREPARATION

The unaudited condensed consolidated interim financial information for the six months ended 30 June 2024 is prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2023, which have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB").

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

3. IMPACT OF NEW, AMENDED STANDARDS AND INTERPRETATIONS

In the current accounting period, the Group has adopted the followings new and amended standards and interpretations, a collective term includes all applicable individual IFRSs, IASs and Interpretations issued by the IASB which are mandatory and relevant to the Group’s operations for the accounting period beginning on 1 January 2024:

IAS 1 (Amendments)	Classification of Liabilities as Current or Non-Current
IAS 1 (Amendments)	Non-current Liabilities with Covenants
IAS 7 and IFRS 7 (Amendments)	Supplier Finance Arrangements
IFRS 16 (Amendments)	Lease Liability in a Sale and Leaseback

The adoption of other new and amended IFRSs does not have any material impact on the Group’s condensed consolidated interim financial information for the current period.

The Group has not early adopted those new standards, amendments to standards and interpretations which have been issued but are not yet effective. The Group is in the process of assessing their impact on the condensed consolidated interim financial information of the Group.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

4. SEGMENT INFORMATION

The executive Directors of the Company, who are the chief operating decision-maker of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on reports reviewed by the executive Directors of the Company that are used to make strategic decisions.

Revenue, which is also the Group's turnover, represents amounts received and receivable from the operation in Singapore. An analysis of revenue is as follows:

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Sales of motor vehicles*	73,254	105,461
Motor vehicles financing related services		
— Finance commission income	1,329	1,547
— Insurance commission income	339	432
Sales of spare parts and accessories	7	1
Revenue from contracts with customers under IFRS 15 recognised at point in time	74,929	107,441
Motor vehicles financing related services		
— Interest income from finance lease arrangements	2,079	2,026
Rental income from operating lease of motor vehicles	3,112	2,746
Revenue from operating and finance lease arrangement under IFRS 16	5,191	4,772
	80,120	112,213

* Include direct sales of motor vehicles and sales of motor vehicles under finance lease arrangements.

The Group has revenue related contract liabilities (receipts in advance from customers) as at the end of each of the period as disclosed in Note 12. Receipts in advance from customers as at the end of each of the period will be recognised as revenue in the next year of sales.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment revenue and results

	Sales of motor vehicles and provision of related services S\$'000	Rental income from operating lease of motor vehicles S\$'000	Sales of spare parts and accessories S\$'000	Unallocated S\$'000	Total S\$'000
For the six months ended 30 June 2024 (unaudited)					
Segment revenue					
Total sales	75,297	3,182	7	—	78,486
Inter-segment sales	(2,043)	(70)	—	—	(2,113)
External sales	73,254	3,112	7	—	76,373
Finance commission income	1,329	—	—	—	1,329
Insurance commission income	339	—	—	—	339
Interest income from finance lease arrangement	2,079	—	—	—	2,079
	77,001	3,112	7	—	80,120
Segment profit/(loss)					
Finance expenses — net	1,977	1,052	3	(374)	2,658
Share of profit of joint ventures					(1,503)
Share of loss of associates					151
					(141)
Profit before income tax					1,165
Income tax expense					(515)
Profit for the period					650

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment revenue and results (Continued)

	Sales of motor vehicles and provision of related services S\$'000	Rental income from operating lease of motor vehicles S\$'000	Sales of spare parts and accessories S\$'000	Unallocated S\$'000	Total S\$'000
For the six months ended 30 June 2023 (unaudited)					
Segment revenue					
Total sales	109,953	2,795	1	—	112,749
Inter-segment sales	(4,492)	(49)	—	—	(4,541)
External sales	105,461	2,746	1	—	108,208
Finance commission income	1,547	—	—	—	1,547
Insurance commission income	432	—	—	—	432
Interest income from finance lease arrangement	2,026	—	—	—	2,026
	109,466	2,746	1	—	112,213
Segment profit/(loss)					
Finance expenses — net	6,974	2,201	—	(337)	8,838
Share of profit of joint ventures					(1,515)
Share of profit of associates					225
					29
Profit before income tax					7,577
Income tax expense					(1,179)
Profit for the period					6,398

Inter-segment transactions are conducted at terms mutually agreed among group companies.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

4. SEGMENT INFORMATION (Continued)

Segment assets and liabilities

	Sales of motor vehicles and provision of related services S\$'000	Rental income from operating lease of motor vehicles S\$'000	Sales of spare parts and accessories S\$'000	Unallocated S\$'000	Total S\$'000
As at 30 June 2024 (unaudited)					
Segment assets	123,875	28,348	206	658	153,087
Segment liabilities	55,480	21,028	—	1,992	78,500
Capital expenditure	1,645	1,935	—	—	3,580
As at 31 December 2023 (audited)					
Segment assets	122,379	30,797	—	763	153,939
Segment liabilities	56,780	22,769	—	2,395	81,944
Capital expenditure	1,346	10,407	—	—	11,753

Unallocated segment assets represent deferred income tax assets and other corporate assets. Unallocated segment liabilities represent income tax liabilities and other corporate liabilities. Capital expenditure comprises additions to property, plant and equipment.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

5. FINANCE EXPENSES — NET

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Finance income		
Interest income on late payment (Note)	—	54
Bank interest income	80	—
	80	54
Finance expenses		
Interest expenses on bank loans	(181)	(150)
Interest expenses on block discounting financing	(929)	(991)
Interest expenses on lease liabilities	(45)	(48)
Interest expenses on hire purchase liabilities	(428)	(380)
	(1,583)	(1,569)
Finance expenses — net	(1,503)	(1,515)

Note:

Interest income on late payment relates to interest imposed on customers for late payment of its overdue balances.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

6. EXPENSES BY NATURE

Expenses included in cost of sales, selling and distribution, and general and administrative expenses are analysed as follows:

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Cost of inventories sold	68,995	95,864
Auditor's remunerations for audit services	138	128
Depreciation expense (Note 10)	2,566	2,482
Employee benefit expense	4,945	5,158
Rental expenses relating to short-term leases	145	381
Advertising and marketing expenses	622	165
Sales commission to external parties	207	496
Travelling and entertainment expenses	74	94
Legal and professional fees	147	37
Bank charges	130	100
Forfeiture of trade deposit paid	12	25
Insurance	29	22
Office expenses	152	93
Donations	1	—
Other operating expenses	630	429
	78,793	105,474

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

7. INCOME TAX EXPENSE

Singapore statutory income tax has been provided at the rate of 17% on the estimated assessable profit during the six months ended 30 June 2024 (2023: 17%).

The amounts of income tax expenses charged to the condensed consolidated statements of comprehensive income represent:

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Singapore profits tax		
— Current tax expense	515	1,179
Total tax expenses for the period	515	1,179

8. BASIC AND DILUTED EARNINGS PER SHARE

(a) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the six months ended 30 June 2024 and 2023.

	For the six months ended 30 June	
	2024 (unaudited)	2023 (unaudited) (restated)
Profit attributable to the equity holders of the Company (S\$'000)	951	6,398
Weighted average number of ordinary shares in issue ('000)	87,478	90,000
Basic earnings per share in Singapore cents	1.09	7.11

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

8. BASIC AND DILUTED EARNINGS PER SHARE *(Continued)*

(b) Diluted earnings per share

There were one type of potential dilutive ordinary shares outstanding for the six months ended 30 June 2024 and 2023. The Company's share options are not included in the calculation of the diluted earnings per share because the average market price of the Company's shares during the period is less than the assumed exercise price of the share options, the potential ordinary shares were not included in the calculation of the diluted earnings per share as their inclusion would be have no dilutive impact. Hence the diluted earnings per share is the same as basic earnings per share.

9. DIVIDENDS

The Company has neither declared nor paid any dividends since its incorporation.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

10. PROPERTY, PLANT AND EQUIPMENT

	Office equipment	Motor vehicles	Renovation	Computers and software	Leasehold properties	Right-of-use assets	Furniture and fittings	Assets under construction	Total
	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000	S\$'000
At 31 December 2023									
(audited)									
Cost	424	34,942	1,502	1,028	3,688	2,080	485	1,071	45,220
Accumulated depreciation	(369)	(5,376)	(1,487)	(569)	(2,025)	(1,376)	(442)	—	(11,644)
Net book amount	55	29,566	15	459	1,663	704	43	1,071	33,576
Six months ended 30 June 2024 (unaudited)									
Opening net book amount	55	29,566	15	459	1,663	704	43	1,071	33,576
Additions	1	1,949	371	45	—	1,123	7	84	3,580
Disposals	(4)	(1,777)	(2)	—	—	(7)	(6)	(397)	(2,193)
Lease modification	—	—	—	—	—	117	—	—	117
Reclassifications	—	—	480	—	—	—	21	(501)	—
Depreciation (Note 6)	(13)	(1,748)	(110)	(117)	(70)	(498)	(10)	—	(2,566)
Closing net book amount	39	27,990	754	387	1,593	1,439	55	257	32,514
At 30 June 2024 (unaudited)									
Cost	113	32,942	989	761	3,688	3,272	80	257	42,102
Accumulated depreciation	(74)	(4,952)	(235)	(374)	(2,095)	(1,833)	(25)	—	(9,588)
Net book amount	39	27,990	754	387	1,593	1,439	55	257	32,514

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
Trade receivables	6,534	7,623
Less: Provision for impairment of trade receivables	(23)	(40)
Trade receivables — net	6,511	7,583
Prepayments	15,376	9,895
Amount due from joint ventures	520	655
Amount due from a related party	894	360
Other receivables	1,093	1,486
Less: Provision for impairment of other receivables	(256)	(53)
Other receivables — net	837	1,433
	24,138	19,926

Trade receivables mainly include outstanding balances from customers arising from sales of motor vehicles and sales of spare parts and accessories. For the sales of motor vehicles, all customers are generally required to make payment at the point of transaction and no credit period is granted to these customers. The Group may, however, at times grant credit period to certain customers based on (i) size of order; (ii) the Group's relationship with the customers; and (iii) the Group's assessment of the reputation and credit worthiness of the customers and may impose interest on overdue balances.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

11. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(Continued)*

Prepayments mainly include advances to various suppliers for purchase of inventory and prepayment for purchase of Certificates of Entitlement.

The amounts due from joint ventures and related party are unsecured, interest-free, and repayable on demand.

Included in other receivables, S\$nil (31 December 2023: S\$740,000) relates to receivables from other car dealers. This amount was secured, bears an average interest rate of 10% and repayable within 3 months as at 31 December 2023.

As at 30 June 2024 and 31 December 2023, the ageing analysis of the trade receivables based on invoice date are as follows:

	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
Up to 3 months	1,967	6,778
3 to 4 months	18	68
4 months to 1 year	4,485	720
More than 1 year	41	17
	6,511	7,583

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

12. TRADE AND OTHER PAYABLES AND PROVISION FOR WARRANTY

	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
Trade payables	1,190	917
Other payables	786	898
Amounts due to joint ventures	63	61
Amounts due to related parties	400	—
Contract liabilities	5,518	3,340
Accrued operating expenses	2,615	2,145
Provision for warranty	878	712
	11,450	8,073

The amounts due to joint ventures are unsecured, interest-free, and repayable on demand.

An ageing analysis of the trade payables as at 30 June 2024 and 31 December 2023, based on the invoice date, is as follows:

	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
Within 1 month	938	545
1 to 4 months	59	23
4 months to 1 year	102	349
More than 1 year	91	—
	1,190	917

Trade payables are unsecured and non-interest bearing. These trade payables do not have any credit terms in general, however, the Group is able to negotiate to extend the repayment period with the suppliers based on mutual agreement.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. BORROWINGS

	As at 30 June 2024 S\$'000 (unaudited)	As at 31 December 2023 S\$'000 (audited)
Non-current		
Block discounting financing (Note c)	30,260	35,136
Hire purchase liabilities (Note d)	14,221	15,720
Lease liabilities	692	—
Term loan (Note e)	—	610
	45,173	51,466
Current		
Trust receipts (Note a)	3,113	—
Term bills (Note b)	—	2,547
Block discounting financing (Note c)	8,826	9,442
Lease liabilities	821	827
Hire purchase liabilities (Note d)	5,628	6,263
Term loan (Note e)	1,130	1,031
Borrowings against inventories (Note f)	577	—
	20,095	20,110
	65,268	71,576

Notes:

- (a) Trust receipts financing were secured by corporate guarantee provided by the Company.
- (b) Term bills financing were secured by corporate guarantee provided by the Company.
- (c) Block discounting financing were secured by finance lease receivables of approximately S\$42.7 million and S\$47.0 million as at 30 June 2024 and 31 December 2023 respectively and corporate guarantee provided by the Company.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

13. BORROWINGS (Continued)

Notes: (Continued)

- (d) Hire purchase liabilities were bank loans secured by motor vehicles and corporate guarantee by the Company.
- (e) Term loan was secured by corporate guarantee provided by the Company.
- (f) Borrowings secured by inventories were secured by certain inventories and corporate guarantee provided by the Company.

14. SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

	Number of ordinary shares	Share capital Nominal value of ordinary shares S\$'000 (Unaudited)	Share premium S\$'000 (Unaudited)
Authorised:			
As at 31 December 2023 and 1 January 2024	10,000,000,000	17,207	—
Share Consolidation (as defined below) (Note a)	(9,000,000,000)	—	—
As at 30 June 2024	10,000,000,000	17,207	—
Issued and fully paid:			
Ordinary shares			
As at 31 December 2023 and 1 January 2024	900,000,000	1,550	11,864
Share Consolidation (as defined below) (Note a)	(810,000,000)	—	—
Subscription of new shares (Note b)	18,000,000	292	1,650
As at 30 June 2024	108,000,000	1,842	13,514

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

14. SHARE CAPITAL, SHARE PREMIUM AND CAPITAL RESERVE

(Continued)

Capital reserve of S\$3,494,000 (31 December 2023: S\$3,494,000) represented the combined share capital of Vincar Pte. Ltd., Vincar Leasing and Rental Pte. Ltd. and Autoart Motorsports Pte. Ltd. before the Reorganisation.

Notes:

- (a) On 23 May 2024, an ordinary resolution has been passed by the shareholders of the Company for a share consolidation pursuant to which every ten (10) issued and unissued existing shares of HK\$0.01 each will be consolidated into one (1) consolidated share of HK\$0.10 each (the "Share Consolidation"). The Share Consolidation was completed on 27 May 2024. Details of the Share Consolidation are set out in the Company's circular dated 5 May 2024.
- (b) On 7 June 2024, the Company issued 18,000,000 new shares of par value of HK\$0.10 each to an independent third party under general mandate at a subscription price of HK\$0.63 per share. The premium on the issue of shares amounting to HK\$9,540,000 (equivalent to approximately S\$1,650,000) was credited to the Company's share premium account.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

15. RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

During the six months ended 30 June 2024 and 2023, the related parties that had transactions with the Group were as follows:

Name of related parties	Relationships with the Group
Mr. Vincent Tan	Ultimate controlling party of the Group.
Beng Lee Ser Marisa	Executive Director and the spouse of the ultimate controlling party of the Group, Mr. Vincent Tan.
Vincar Assets Pte. Ltd.	Company which Mr. Vincent Tan has significant influence in.
Autumn Silver Investments Ltd.	Company which Beng Lee Ser Marisa has significant influence in.
Victoria Land Limited	Company which Beng Lee Ser Marisa has significant influence in.
Wealth Assets Pte. Ltd.	Company which Vincar Assets Pte. Ltd. has non-controlling shareholding.
Ng Hui Bin Audrey	Executive Director and the sister-in-law of the ultimate controlling party of the Group, Mr. Vincent Tan.
Tan Cheng Wei Ernest	A son of Mr. Vincent Tan and Beng Lee Ser Marisa.
Komoco Pre-owned Pte. Ltd.	A joint venture company of Vincar Pte. Ltd.
Vincar (LK) Pte. Ltd.	An associate company of Vincar Pte. Ltd.
Singapore Electric Vehicles Pte. Ltd.	An indirect associated company of Vincar Pte. Ltd.
SEV Commercial Pte. Ltd.	A joint venture company of Vincar EV Pte. Ltd.
SEV Trading Pte. Ltd.	An indirect associated company of Vincar Pte. Ltd.
Emmalex Investment Pte. Ltd.	Company which Mr. Raymond Wong has financial interest in.
Rwong Law Corporation	Company which Mr. Raymond Wong has financial interest in.
Autosprint (LK) Pte. Ltd.	Company which Mr. Vincent Tan has financial interest in.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

15. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

In addition to those disclosed elsewhere in the unaudited condensed consolidated interim financial information, the following transactions were carried out with related parties:

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Rental paid/payable to related parties		
— Autumn Silver Investments Ltd.	(30)	(30)
— Victoria Land Limited	—	(42)
— Wealth Asset Pte. Ltd.	(515)	(390)
— Mr. Vincent Tan & Beng Lee Ser Marisa	—	(48)
	(545)	(510)
Payments on behalf of related parties		
— Komoco Pre-owned Pte. Ltd.	135	—
— SEV Commercial Pte. Ltd.	27	150
— SEV Trading Pte. Ltd.	—	56
— Emmalex Investment Pte. Ltd.	—	4
— Vincar (LK) Pte. Ltd.	64	—
	226	210
Payments on behalf by related parties		
— Singapore Electric Vehicles Pte. Ltd.	—	(13)
— Wealth Asset Pte. Ltd.	(4)	—
— Beng Lee Ser Marisa	(113)	(295)
— Mr. Vincent Tan	(61)	(74)
— Ng Hui Bin Audrey	(9)	(7)
— Tan Cheng Wei Ernest	(4)	—
	(191)	(389)
Receipts on behalf of related parties		
— SEV Commercial Pte. Ltd.	—	(405)
— SEV Trading Pte. Ltd.	625	—
— Komoco Pre-owned Pte. Ltd.	61	—
	686	(405)

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2024

15. RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Sales to related parties		
— Komoco Pre-owned Pte. Ltd.	31	—
— Singapore Electric Vehicles Pte. Ltd.	775	439
— SEV Commercial Pte. Ltd.	806	2,990
— SEV Trading Pte. Ltd.	5,138	86
— Emmalex Investment Pte. Ltd.	13	9
— Beng Lee Ser Marisa	—	661
— Tan Cheng Wei Ernest	1	—
	6,764	4,185
Purchase from related parties		
— Komoco Pre-owned Pte. Ltd.	12	—
— SEV Commercial Pte. Ltd.	—	13
— Autosprint (LK) Pte. Ltd.	183	360
— Wealth Asset Pte. Ltd.	4	—
— Rwing Law Corporation	2	—
	201	373

(b) Key management compensation

Compensation of key management personnel of the Group, including directors' remuneration, is shown below:

	For the six months ended 30 June	
	2024 S\$'000 (unaudited)	2023 S\$'000 (unaudited)
Salaries, allowances and bonuses	1,484	2,049
Employer's contribution to defined contribution plans	24	29
	1,508	2,078

Management Discussion and Analysis

BUSINESS REVIEW

The Group is principally engaged in selling new parallel-import motor vehicles and pre-owned motor vehicles, with the main business being the sales of brand new parallel-import motor vehicles in Singapore. Apart from the sales of motor vehicles, the Group also provides related services and products, such as (i) provision of motor vehicle financing services; (ii) provision of motor vehicle insurance agency services; and (iii) sales of motor vehicle spare parts and accessories.

During the first half of 2024, the Group sold 390 and 202 units of new motor vehicles and pre-owned motor vehicles, respectively, as compared with 388 and 202 units of new motor vehicles and pre-owned motor vehicles sold, respectively, for the corresponding period in 2023. In addition, the revenue decreased by approximately S\$32.1 million, and such decrease was mainly attributable to the decreased demand from customers.

Business Outlook

The progress of our business growth was slow due to economic recovery and the evident conservative consumption after the pandemic, global turbulence and complex international relations. It continues to pose a challenge on the Group's business and financial performance going forward. The management of the Group will continue to use its best endeavour to adopt appropriate business strategies by exercising effective cost control, upholding quality service to customers and maintaining good relationships with major suppliers and to strengthen its market position as the leading parallel-import dealer in Singapore.

FINANCIAL REVIEW

Revenue

The Group's revenue decreased by approximately S\$32.1 million or 28.6% from approximately S\$112.2 million for the six months ended 30 June 2023 ("PE2023") to approximately S\$80.1 million for the six months ended 30 June 2024 ("PE2024"), which was mainly attributable to the decrease in sales of motor vehicles amounted to approximately S\$32.2 million or 30.5%.



Management Discussion and Analysis

Sales of motor vehicles

The sales of motor vehicles decreased by approximately S\$32.2 million or 30.5% which was mainly attributable to the decrease in sales of new motor vehicles by approximately S\$26.9 million or 33.7%. The decrease in sales of new motor vehicles was mainly due to the decrease in average selling price of new motor vehicles sold from approximately S\$205,000 for PE2023 to approximately S\$135,000 for PE2024.

The sales of pre-owned motor vehicles decreased by approximately S\$5.5 million or 20.8%, which was mainly due to the decrease in the average selling price of pre-owned motor vehicles sold from S\$128,000 for PE2023 to approximately S\$101,000 for PE2024.

Motor vehicle financing services

The Group's revenue from motor vehicle financing services remained stable at approximately S\$3.6 million for PE2023 and approximately S\$3.4 million for PE2024 as it was correlated to the units of motor vehicles sold.

Insurance agency services

The Group's commission income from insurance companies for referral of the customers varied depending on the insurance premium under the insurance policies. The Group's commission income from insurance companies remained stable for PE2023 and PE2024 which amounted to approximately S\$0.4 million and S\$0.3 million, respectively.

Leasing of motor vehicles

The income from leasing of motor vehicles increased by approximately S\$0.4 million or 12.9% from approximately S\$2.7 million for PE2023 to approximately S\$3.1 million for PE2024. The increment was mainly attributable to an increase in motor vehicles with higher value being leased to corporate customers during PE2024 versus motor vehicles with lower value being leased to private hire drivers. The Group's number of motor vehicles being rented to customers was 179 units and 179 units as at 30 June 2023 and 2024, respectively.

Sales of spare parts and accessories

The income from sales of spare part and accessories increased by approximately S\$6,000 or 600.0% from S\$1,000 for PE2023 to approximately S\$7,000 for PE2024.



Management Discussion and Analysis

Cost of sales

The Group's cost of sales decreased by approximately S\$26.9 million or 27.5% from approximately S\$97.9 million for PE2023 to approximately S\$71.0 million for PE2024. The decrease was in line with the decrease in the Group's total revenue for the period.

For PE2024, the cost of motor vehicles (and related costs) sold decreased by approximately S\$26.6 million or 27.9% from approximately S\$95.2 million for PE2023 to approximately S\$68.6 million for PE2024.

Gross profit and gross profit margin

As a result of the foregoing, the Group's total gross profit decreased by approximately S\$5.2 million or 36.4% from approximately S\$14.3 million for PE2023 to approximately S\$9.1 million for PE2024, which was mainly attributable to the decrease in the sales of motor vehicles business. The overall gross profit margin remained stable at approximately 12.8% for PE2023 and approximately 11.3% for PE2024.

Gross profit and gross profit margin from sales of motor vehicles

The Group's gross profit from sales of motor vehicles decreased by approximately S\$5.4 million, or 54.0%, from approximately S\$10.0 million for PE2023 to approximately S\$4.6 million for PE2024, and the Group's gross profit margin for sales of motor vehicles was approximately 9.5% for PE2023 and approximately 6.3% for PE2024. The decrease in gross profit margin for sales of motor vehicles was mainly contributed to that the Group sold proportionally more Japanese brands of motor vehicles which are normally sold at a lower margin as compared to European brands of motor vehicles.

Gross profit and gross profit margin from motor vehicle financing services

The net interest spread for PE2024 decreased by approximately 0.1% from approximately 3.7% for PE2023 to approximately 3.6% for PE2024, as a result of an increase of approximately 0.8% in the average interest expense and an increase of approximately 0.7% in the average yield on finance lease receivables.

Gross profit and gross profit margin from leasing of motor vehicles

The Group's gross profit from leasing of motor vehicles increased by approximately S\$0.4 million or 133.3%, from approximately S\$0.3 million for PE2023 to approximately S\$0.7 million for PE2024, with the Group's gross profit margin from leasing of motor vehicles increased from approximately 11.1% for PE2023 to 22.6% for PE2024. Such increase in gross profit margin was mainly due to the revenue from leasing of motor vehicle had increased by approximately S\$0.4 million or 12.9%, while the costs of leasing of motor vehicles remained stable at approximately S\$2.5 million and S\$2.4 million for PE2023 and PE2024 respectively.

Management Discussion and Analysis

Gross profit and gross profit margin from sales of spare parts and accessories

The Group recorded a gross profit from sales of spare parts and accessories of approximately S\$1,000 for PE2023 and a gross profit of approximately S\$7,000 for PE2024.

Other income

The Group's other income increased by approximately S\$1.0 million or 1,000.0% from approximately S\$0.1 million for PE2023 to approximately S\$1.1 million for PE2024. The increase was mainly due to a gain of approximately S\$0.7 million from disposal of financial assets at fair value through other comprehensive income was recorded in PE2024.

Other gains/(losses) — net

The Group recorded net gains of approximately S\$2.0 million for PE2023 to net gains of approximately S\$0.2 million for PE2024, which was mainly due to the decrease of gain on disposal of property, plant and equipment from S\$1.9 million for PE2023 to S\$0.1 million for PE2024.

Selling and distribution expenses

The Group's selling and distribution expenses decreased by approximately S\$0.3 million or 14.3% from approximately S\$2.1 million for PE2023 to approximately S\$1.8 million for PE2024. The decrease was mainly attributable to the decrease in sales commission to the salespersons as a result of the decrease in sales of motor vehicles and offset by the increase of advertising and marketing expenses.

General and administrative expenses

The Group's general and administrative expenses remained stable at approximately S\$5.5 million for PE2023 and approximately S\$5.9 million for PE2024.



Management Discussion and Analysis

Finance income and finance expenses

Finance income represents bank interest income. The Group had minimal finance income for PE2024.

The Group's finance expenses remained stable at approximately S\$1.6 million for PE2023 and approximately S\$1.6 million for PE2024.

Income tax expenses

The Group's income tax expenses decreased by approximately S\$0.7 million or 58.3% from approximately S\$1.2 million for PE2023 to approximately S\$0.5 million for PE2024, which was mainly due to the decrease in taxable profit from the Group's operation in Singapore.

Profit and total comprehensive income for the period and net profit margin

As a result of the foregoing, the Group's profit and total comprehensive income for the period decreased by approximately S\$5.7 million or 89.1% from approximately S\$6.4 million for PE2023 to approximately S\$0.7 million for PE2024 and the Group's net profit margin decreased from approximately 5.7% for PE2023 to approximately 0.8% for PE2024. Such decrease in profit for PE2024 was primarily due to the decrease in gross profit by approximately S\$5.2 million.

SUBSCRIPTION OF NEW SHARES UNDER GENERAL MANDATE

On 27 May 2024, the Company entered into subscription agreement with an independent third party (the "Subscriber"), pursuant to which the Subscriber has conditionally agreed to subscribe, and the Company has conditionally agreed to allot and issue, a total 18,000,000 shares of HK\$0.63 each for a cash consideration of approximately HK\$11.34 million ("the Subscription"). Further details were set out in the Company's announcements dated 27 May 2024 and 29 May 2024 (the "Announcements").

On 7 June 2024, all conditions precedent have been fulfilled and the completion took place on 7 June 2024 in accordance with the terms of the subscription agreement. The net proceeds from the Subscription amounted to approximately HK\$11.24 million and were utilised to expand its motor vehicle portfolio as disclosed in the Announcements.



Management Discussion and Analysis

CAPITAL STRUCTURE

As at 30 June 2024, the capital structure of the Group consisted of borrowings and equity of the Group, comprising share capital, share premium, capital reserve, share based payment reserve and retained earnings.

LIQUIDITY AND FINANCIAL RESOURCES

During the six months ended 30 June 2024, the Group’s working capital was financed by internal resources, borrowings, net proceeds from the public offer and the placing (collectively, the “Share Offer”) on 28 February 2019 and the net proceeds from the Subscription.

The Group’s primary uses of cash are for purchases of motor vehicles for sale and leasing purposes and for funding of the Group’s operations. The Group has financed its operations mainly by various forms of borrowings, including bank loans, borrowings secured by inventories, trust receipts, block discounting financing, lease liabilities, hire purchase liabilities and term loan, etc.

LIQUIDITY RATIOS

As at 30 June 2024, the Group had cash and bank balances of approximately S\$8.6 million (31 December 2023: approximately S\$13.0 million). The Group’s current ratio, debt to equity ratio and gearing ratio are as follows:

	As at 30 June 2024 (unaudited)	As at 31 December 2023 (audited)
Current ratio	2.5	2.6
Debt to equity ratio	87.5%	99.4%
Gearing ratio	43.2%	44.9%

Current ratio represents the current assets over current liabilities as at the end of the respective date.



Management Discussion and Analysis

Debt to equity ratio is determined by dividing total debt by total equity as at the end of the respective date. Total debt includes borrowings.

Gearing ratio equals net debt, which represents total debt net of cash and bank balances, over total capital as at the end of the respective date. Total capital includes total equity and net debt.

BORROWINGS AND PLEDGE OF ASSETS

As at 30 June 2024, the Group had borrowings of approximately S\$65.3 million (31 December 2023: approximately S\$71.6 million). Certain borrowings were secured by certain inventories, leasehold properties, motor vehicles, finance lease receivables and corporate guarantee provided by the Company as disclosed in note 13 to the condensed consolidated interim financial information of this interim report.

The Group aims to maintain flexibility in funding by keeping sufficient bank balances, committed credit lines available and interest-bearing borrowings, which enable the Group to continue its business for the foreseeable future.

CAPITAL EXPENDITURE AND COMMITMENTS

During the six months ended 30 June 2024, the capital expenditures amounted to approximately S\$3.6 million which was used for the purchases of property, plant and equipment in Singapore (31 December 2023: approximately 12.1 million). The Group finances its capital expenditures primarily through cash generated from operating activities and bank borrowings.

As at 30 June 2024, the Group did not have material capital commitments (31 December 2023: nil).

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

The Group did not have any significant investment, material acquisition and disposal of subsidiaries and affiliated companies during the six months ended 30 June 2024.



Management Discussion and Analysis

FOREIGN EXCHANGE RISK

The Group is exposed to foreign exchange risk arising from foreign currency transactions. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the relevant group entity.

The Group is exposed to foreign exchange risk arising from various currency exposure, primarily with respect to Sterling pound, Japanese yen, Hong Kong dollars and United States dollars. The Group's exposure to other foreign exchange movements is not material.

CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities as at 30 June 2024 (31 December 2023: nil).

EMPLOYEE, EMPLOYEE REMUNERATION AND REMUNERATION POLICY

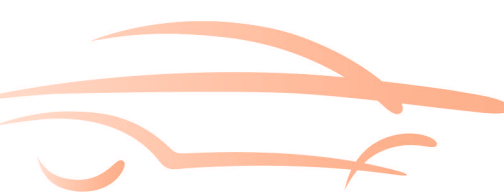
As at 30 June 2024, the Group employed a total of 91 employees (31 December 2023: 80 employees). Employee benefit expense (including directors' emoluments) of approximately S\$4.9 million incurred for the six months ended 30 June 2024 (2023: S\$5.2 million).

The remuneration package of the employee mainly includes salaries and allowances, sales commission and bonuses. The remuneration of the employees is determined by reference to prevailing market terms and in accordance with the performance, qualification and experience of each individual employee. The Company has adopted a share option scheme to reward the employees for their contribution to the Group and to provide them with incentives to further contribute to the Group.

The Group also provides in-house trainings to the staff which aim at updating their product knowledge, as well as improving their technical skills.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

Save as disclosed in the section headed "Reasons for the Rights Issue and the Use of Proceeds" in the Company's announcement dated 12 July 2024 in related to the proposed rights issue and the plan for setting up the motor vehicle workshop as disclosed in the section headed "Use of Proceeds" of this interim report, the Group did not have plans for material investments and capital assets as at 30 June 2024.



Management Discussion and Analysis

USE OF PROCEEDS

The total net proceeds raised from the Listing (the “Net Proceeds”) were approximately HK\$52.9 million after deduction of underwriting fees and commissions and estimated expenses payable by the Group in connection with the Share Offer.

Set out below are details of the allocation of the Net Proceeds, the utilised and unutilised amounts of the Net Proceeds as at 30 June 2024:

	Approximate percentage of total amounts	Actual Net Proceeds HK\$'000	Planned unutilised amounts as at 30 June 2024 HK\$'000	Utilised amounts as at 30 June 2024 HK\$'000	Unutilised amounts as at 30 June 2024 HK\$'000
Expanding the scale of the Group's motor vehicle hire purchase financing business	45.8%	24,230	24,230	24,230	—
Expanding the scale of the Group's pre-owned motor vehicle sales business	30.2%	15,974	15,974	15,974	—
Setting up a motor vehicle workshop	10.4%	5,499	5,499	—	5,499
Enhancing the Group's branding, sales and marketing efforts	7.7%	4,062	4,062	4,062	—
Working capital	5.9%	3,148	3,148	3,148	—
Total	100%	52,913	52,913	47,414	5,499

The reason for the under-utilisation of the Net Proceeds was caused by the delay of setting up a motor vehicle workshop. As set out in the annual report of the Group for the year ended 31 December 2019, it was intended that the Group will set up its own motor vehicle workshop and utilise the remaining proceeds of approximately HK\$5.5 million by 2020. As Singapore's economy has been severely affected by the outbreak of COVID-19 since the 1st quarter of 2020, the Directors were prudent for the business expansion and that the plan for setting up the motor vehicle workshop has been further delayed to 2024.



Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 30 June 2024, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which would have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO), or which would be required, pursuant to Section 352 of the SFO, to be recorded in the register referred to therein, or which would be required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of the Listed Issuers (the "Model Code") as set out in Appendix 10 to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), were as follows:

Long positions in the shares of the Company

Name of director	Capacity/ Nature of interest	Number of shares held/ interested in (Note 1 & 6)	Number of share options (Note 1, 2 & 6)	Approximate percentage of shareholding in the Company
Mr. Vincent Tan	Interest in a controlled corporation (Note 3)	38,140,000 (L)	—	35.31%
	Beneficial owner	—	900,000 (L)	0.83%
	Interest of spouse (Note 4)	—	900,000 (L)	0.83%
Ms. Beng Lee Ser	Interest of spouse (Note 5)	38,140,000 (L)	900,000 (L)	36.15%
Marisa ("Mrs. Marisa Tan")	Beneficial owner	—	900,000 (L)	0.83%

Notes:

1. The Letter "L" denotes the person's long position in the relevant shares.
2. These represent the shares to be issued and allotted by the Company upon exercise of the options granted under the Share Option Scheme (as defined in the section headed "Share Option Scheme" of this interim report). Please also refer to section headed "Share Option Scheme" for more details.
3. All the issued shares of Gatehouse Ventures are legally and beneficially owned as to 100% by Mr. Vincent Tan. Accordingly, Mr. Vincent Tan is deemed to be interested in 38,140,000 shares held by Gatehouse Ventures by virtue of the SFO. Mr. Vincent Tan is a controlling shareholder and an executive Director of the Company.

Other Information

4. Mr. Vincent Tan is the spouse of Mrs. Marisa Tan and is therefore deemed to be interested in all the shares and/or underlying shares that Mrs. Marisa Tan is interested in by virtue of the SFO.
5. Mrs. Marisa Tan is the spouse of Mr. Vincent Tan and is therefore deemed to be interested in all the shares that Mr. Vincent Tan is interested in via Gatehouse Ventures by virtue of the SFO.
6. The number of shares/share options was adjusted to reflect the effect of the Share Consolidation completed on 27 May 2024.

Save as disclosed above, as at 30 June 2024, none of the Directors nor chief executives of the Company had any interests or short positions in any shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to be Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far is known to the Directors, as at 30 June 2024, the following persons/entities (not being a Director or the chief executive of the Company) had an interest or a short position in the shares or underlying shares of the Company which would be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register maintained by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the shares of the Company

Name	Capacity/Nature of interest	Number of shares held/ interested in (Note 1 & 4)	Approximate percentage of shareholding in the Company
Gatehouse Ventures	Beneficial owner (Note 2)	38,140,000 (L)	35.31%
Show Achieve Limited	Beneficial owner (Note 3)	18,000,000 (L)	16.67%
Mr. Ang De Yu	Beneficial owner	4,670,500 (L)	4.32%



Other Information

Notes:

1. The Letter “L” denotes the person's long position in the relevant shares.
2. All the issued shares of Gatehouse Ventures are legally and beneficially owned as to 100% by Mr. Vincent Tan, the Chairman and an executive Director of the Company.
3. All the issued shares of Show Achieve Limited are legally and beneficially owned as to 100% by Mr. Wu Bin.
4. The number of shares was adjusted to reflect the effect of the Share Consolidation completed on 27 May 2024.

Save as disclosed above, as at 30 June 2024, no other interests or short positions in the shares or underlying shares of the Company which would be required to be notified to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register maintained by the Company pursuant to Section 336 of the SFO.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2024.

SHARE OPTION SCHEME

The Company has adopted the share option scheme (the “Scheme”) on 1 February 2019. The purpose of the Scheme is to enable the Company to grant options to eligible persons as incentives or rewards for their contribution or potential contribution to the Group and to recruit and retain high calibre eligible persons and attract human resources that are valuable to the Group. The principal terms of the Scheme are summarised in the section headed “Share Option Scheme” in Appendix IV to the prospectus dated 13 February 2019.



Other Information

Details of the movements of share options granted, exercised, cancelled or lapsed under the Scheme during the six months ended 30 June 2024 are as follows:

Grantees	Date of Grant	Exercise price of share options (Note)	Closing price of the shares on the date of grant (Note)	Outstanding as at 1 January 2024 (Note)	Granted during the period	Outstanding as at 30 June 2024 (Note)
Directors						
Mr. Vincent Tan	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Ms. Ng Hui Bin Audrey	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Mrs. Marisa Tan	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Mr. Khung Poh Sun (resigned as executive Director on 6 July 2020)	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Mr. Raymond Wong	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Mr. Chow Wing Tung	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Mr. Hui Yan Kit	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Mr. Tam Yat Kin Ken	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Sub-total				900,000	—	900,000
				900,000		900,000
Employee	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Other eligible participant*	8 April 2020	HK\$1.460	HK\$1.430	900,000	—	900,000
Total				9,000,000	—	9,000,000

* The Company secretary of the Company, namely Mr. Lui Wai Sing.

Note: Adjusted to reflect the effect of the Share Consolidation completed on 27 May 2024.

As at 30 June 2024, there were 9,000,000 share options granted by the Company under the Scheme which were valid and outstanding, representing approximately 10% of the issued share capital of the Company as at the date of this interim report. The share options are exercisable for a period of ten years from 8 April 2020 (the “Option Period”) and expiring at the close of business on the last day of the Option Period or at the expiry of the Scheme, whichever is earlier. The share options shall vest on 8 April 2020.

Other Information

No share options were exercised, cancelled or lapsed under the Scheme during the period from the date of grant to 30 June 2024.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as its code of conduct regarding securities transaction by Directors. The Company, having made specific enquiry, confirms that all Directors have complied with the required standard set out in the Model Code throughout the six months ended 30 June 2024.

CORPORATE GOVERNANCE CODE

During the six months ended 30 June 2024, the Company has applied the principles of and complied with all the applicable code provisions set out from time to time in the Corporate Governance Code (the “CG Code”) set out in Appendix 14 to the Listing Rules, save and except for the following deviations from code provisions A.2.1 and C.2.5 of the CG Code.

Under code provision A.2.1 of the CG Code, the roles of chairman and chief executive shall be separated and shall not be performed by the same individual. Mr. Vincent Tan currently holds both positions. Throughout the business history, Mr. Vincent Tan, as a founder and the controlling shareholder of the Group, has held the key leadership position of the Group and has been deeply involved in the formulation of corporate strategies and management of business and operations of the Group. Taking into account the consistent leadership within the Group and in order to enable more effective and efficient overall strategic planning and continuation of the implementation of such plans, the Directors, including the independent non-executive Directors consider that Mr. Vincent Tan is the best candidate for both positions and the present arrangements are beneficial and in the interests of the Group and the shareholders as a whole.

Under code provision C.2.5 of the CG Code, the Group should have an internal audit function. The Company has no internal audit function because the Company has maintained an internal control system and its implementation has been considered effective by the audit committee and the Board. In addition, the audit committee has communicated with external auditor of the Company to understand if there is any material control deficiency. Nevertheless, the Company will review the need for one on an annual basis.



Other Information

CHANGE IN DIRECTOR'S INFORMATION

Mr. Jin Zhehui has been appointed as an executive Director of the Company with effect from 29 July 2024.

Save as disclosed above, there is no information in respect of the Directors required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

AUDIT COMMITTEE

The Company established an audit committee on 1 February 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C.3 of the Corporate Governance Code. The audit committee consists of three independent non-executive Directors, namely, Mr. Chow Wing Tung, Mr. Hui Yan Kit and Mr. Tam Yat Kin Ken. Mr. Chow Wing Tung is the chairman of the audit committee. The primary duties of the audit committee are to assist the Board in providing an independent view of the effectiveness of the Group's financial reporting process, internal control and risk management system, to oversee the audit process and to perform other duties and responsibilities as assigned by the Board.

The audit committee has reviewed the unaudited condensed consolidated financial statements of the Group for the six months ended 30 June 2024, including the accounting principles and practices adopted by the Group.

EVENT AFTER THE REPORTING PERIOD

Save as disclosed elsewhere in this interim report, the Directors are not aware of any significant event which had material effect on the Group subsequent to 30 June 2024 and up to the date of this interim report.

By Order of the Board
Guan Chao Holdings Limited
Tan Shuay Tarn Vincent
Chairman and Executive Director

Hong Kong, 30 August 2024

