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(Company Registration Number: 306871)
(Incorporated in the Cayman Islands on 18 December 2015)

Trans-China Automotive Holdings Limited
Voluntary Business Update

Hong Kong, SAR – 6 May 2022 - Trans-China Automotive Holdings Limited ("**TCA**" or the "**Company**", and together with its subsidiaries, the "**Group**") wishes to provide shareholders with a business update for the three-month period from 1 January 2022 to 31 March 2022 ("**3M2022**"). All currency amounts referred to in this update are in Chinese Renminbi unless stated otherwise. The financial information for 3M2022 and 3M2021 is based on the Group's unaudited consolidated management accounts.

Key highlights:

- Total revenue decreased by approximately 15.7% to RMB 1,090.1 million in 3M2022 as compared to the three-month period ended 31 March 2021 ("**3M2021**") because of an overall soft PRC economy, COVID19-related store closures in Shenzhen, and supply disruptions to the overall business
    - Revenue from automobile sales declined by 17.4% to RMB 965.7 million compared with 3M2021
    - Revenue from aftersales services declined by 0.6% to RMB 124.3 million compared with 3M2021
- The grand opening of TCA's Guangzhou Genesis dealership will be somewhat delayed, as will the construction of the BMW Service Center in Pingshan, Shenzhen

Business update

The overall Chinese car market declined by 9.3% to 4.9 million units and the premium car segment declined by 8.8% to 820,000 units in the first three months of 2022 compared with the same period prior year. During this quarter, unit sales of major premium car brands also declined. According to Thinkercar, an automotive consultancy, BMW and Mercedes unit sales each declined by approximately 11.0% while Audi's declined by 18.3%. Most other premium brands also recorded declines in sales compared with same period prior year.

Traditionally, the first quarter is the slowest quarter of the year. Chinese New Year usually falls in the period from late January to early February, and the period after Chinese New Year is typically the slowest period for car sales until the summer months when sales progressively increase through the third and fourth quarter. In the last two years, the traditional seasonality trends as described were displaced by COVID19 disruptions. In 2020, after the initial COVID19 crisis abated in China, car sales were strong in the second half of the year, buoyed by a rebounding economy and pent-up demand. This trend continued strongly into 2021, but sales slowed late in the fourth quarter as supply shortages disrupted car deliveries and a softening economy started

to impact consumer demand. January 2022 still recorded strong results, mainly due to delayed deliveries from the prior month, but order-taking had started to slow.

The following table shows the quantity of vehicles sold and revenues for the first three months in 2020 ("**3M2020**"), 3M2021 and 3M2022. The financial information is based on the Group's unaudited consolidated management accounts for the respective periods.

Quantity and Revenue	**3M2020**	**3M2021**	**3M2022**	**3M2021 vs 3M2020**	**3M2022 vs 3M2021**
Units sold	1,607	3,116	2,647	93.9%	-15.1%
Revenue (RMB'000)					
- Sale of automobiles	607,776	1,168,481	965,741	92.3%	-17.4%
- Provision of after-sales services	87,513	125,130	124,353	43.0%	-0.6%
Revenue (RMB'000)	**695,289**	**1,293,611**	**1,090,094**	**86.1%**	**-15.7%**
Revenue (S$'000)[(1)]	***148,596***	***276,469***	***233,974***	***86.1%***	***-15.7%***

Note:

(1) Based on the average exchange rate for the 3-month period ended 31-3-2022 of S$1.00: RMB4.68

Revenue from the Group's automobile sales segment decreased by RMB202.7 million to RMB965.7 million in 3M2022, representing a decrease of 17.4% compared to 3M2021. The sales decline was across the Company's network, but the decrease was sharper in our Shenzhen store, which was closed for one week in March due to a city-wide lockdown to control a local COVID19 outbreak. While there were no lockdowns in our other markets, local governments in Guangdong province strongly encouraged people to limit unnecessary travel and activities. This has noticeably reduced showroom traffic and customer flow to our stores, especially in Guangdong province.

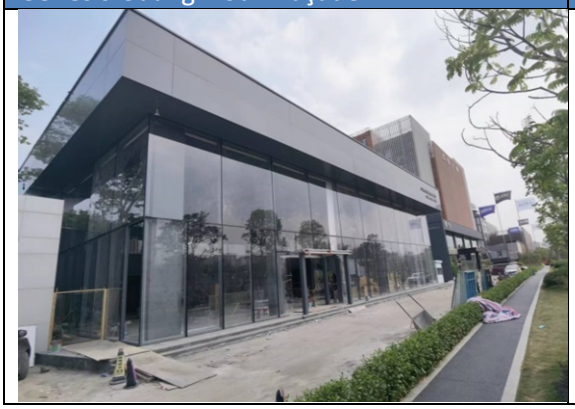
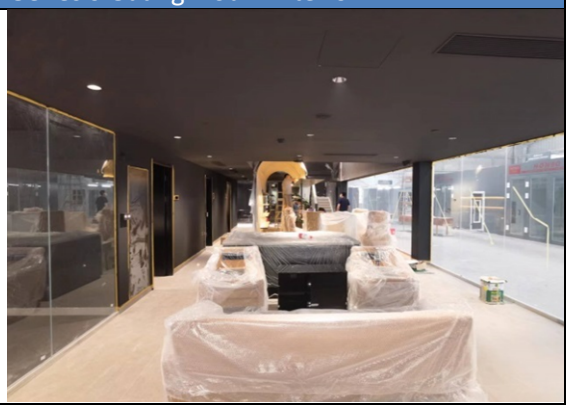
It should be noted that one year ago, the first quarter in 2021 was a particularly strong quarter for the company. At that time, the Company benefited from reduced out-of-town travel over the Chinese New Year holiday period; there were virtually no reported COVID19 cases in China at that time, but the central government continued to restrict intra-China travel. Therefore the traditional slow period in the first quarter of 2021 was noticeably shorter. In contrast, this year many city residents returned to their hometowns for new year's celebrations for the first time in two years.

Aftersales Service Revenue

Revenue from the Group's after-sales services segment during 3M2022 was RMB124.4 million, representing a decrease of 0.6% as compared to 3M2021. Aftersales business for the group was robust for most of the Group's store until COVID19-related restrictions started in March.

Update on Expansion Activities

The Groups' two projects under constructions have also been impacted by COVD19-related disruptions. The Genesis store construction is progressing well, but store furniture and fixtures cannot be shipped from Shanghai as the city is under a strict lockdown, which is delaying the 'soft-opening' of the store. The BMW Service Center is also delayed because of travel restrictions for the BMW project management team based in Beijing who are required to sign off on our plans. At the moment the situation is still evolving and therefore we are unable to provide a specific date for the revised opening dates. However, in the case of Genesis Guangzhou, it is our understanding that the outstanding furniture and official signage for the store are ready to be shipped, and we can 'soft-open' the store as soon as that is installed. For the BMW Service Center in Pingshan, we now expect the new location to start operations towards the end of the third quarter rather than June/July as originally planned.

Genesis Guangzhou – façade	Genesis Guangzhou – interior
	

New Energy Vehicles

BMW is in midst its electrification strategy rollout. Just in the last couple of months, BMW has launched the i3, the i4, and the i7, all of which are pure BEV (battery electric vehicles) sedans. This is in line with BMW's balanced EV strategy that it is not overly reliant on either combustion engines or electric drivetrains. As a dealer, we believe this is the correct strategy because it reduces the risk of mistiming the early or late adoption of electrified vehicles, which varies widely from city to city in China. For example, plate-restricted cities see higher EV adoption because it is easier to obtain license plates with EVs, whereas in other cities the fundamental infrastructure such as charging networks remain in short supply. Furthermore, it is important to remember that consumers are still receiving rebates and subsides from local governments which will be phased out over time, possibly decreasing the competitiveness of EVs.

BMW will continue to introduce more electrified vehicles over the next few years. In the first three months of 2022, TCA sold 213 EVs representing 8% of total unit volume.

Due to overall low volume and short history of BMW EV car sales, it is too early to draw inferences on the Group's aftersales business. In the first year of sales for the iX3, the average service invoice was higher than other vehicles in similar class. The servicing and maintenance of these vehicles can be more complicated especially when the batteries are involved.

Outlook

At the moment, the outlook for the remainder of 2022 is unclear due to several factors facing our business. Domestically in China, the current COVID19 control strategy labelled as 'dynamic zero' has affected sales and is likely to be a drag on the business. We have seen numerous instances across China where cities are undergoing full or partial lockdowns due to local COVID19 outbreaks. In March, our Shenzhen stores were closed for a week, and our Guangzhou and Foshan stores were severely affected by movement restrictions in those respective cities as a direct result of the central government's 'dynamic zero' policies. Beyond COVID19, China is facing further headwinds on the macro-economic front such as higher prices of key commodities which is creating stress in the manufacturing sector. Within the automotive sector, higher fuel prices and price increases for EVs is affecting consumer demand for both ICE cars as well as EVs. And finally, ongoing supply shortages of semiconductors is affecting the production and supply of automobiles, making it more difficult to deliver cars to consumers in a timely manner. These factors amongst others are negatively affecting our business and likely to weaken sales in the immediate term.

Looking beyond the current slowdown for the second quarter of this year is the fact that we will have new Genesis and BMW locations commencing operations in the second half of the year, and the product range for BMW is one of the best in recent years with a strong line-up of new and exciting EVs as well as new or refreshed ICE (internal combustion engine) cars. Furthermore, we have seen previously that consumer demand is able to bounce back strongly once COVID19 restrictions loosen up. Also, some local governments have recently announced sizable auto consumption strategies to reinvigorate demand for automobiles and by extension, the economy. For example, the Guangdong Government on 28 April 2022 announced further measures to promote car purchases, whereunder new car buyers will receive direct government subsidies ranging from RMB5,000 to RMB10,000 per car. We are fortunate that TCA is in a strong position to withstand the current headwinds. Being well-funded, the Group will continue to seek out new growth opportunities in a disciplined manner, and our growth strategy remains fully intact as we weather the current turbulence.

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About Trans-China Automotive Holdings Limited (SGX: VI2)

Trans-China Automotive Holdings Limited (耀骅汽车集团) ("TCA" or the "Company", and together with its subsidiaries, the "Group") is a leading automobile dealership group with operations in the People's Republic of China ("PRC"). Focused on the distribution of premium and super premium automobiles under the BMW, McLaren and Genesis brands, the Group's dealerships are in key cities in the PRC namely, Foshan, Shenzhen, Guangzhou, Chongqing, Changsha, and Wuhan. Its multiple business segments include the sale of new automobiles under its dealerships, sale of preowned automobiles that come from customer trade-ins, auction companies and other suppliers of used cars, provision of automobile agency services which are ancillary services such as automobile financing, insurance and car registration services, and provision of after-sales services which include repairs, maintenance and inspection of automobiles as well as the retailing of automobile parts and accessories.

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Disclaimer

Figures for 3M2022 stated in this business update are unaudited and are subject to revision. The financial figures contained herein have not been audited nor reviewed by the auditors.

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This document should be read as an overview of the Group's current business activities and operating environment which may contain statements relating to the Group's growth strategy and future business aspirations, based on the Directors' best knowledge. These statements involve risks and uncertainties and should not be solely relied upon by investors or potential investors when making an investment decision. The Group will not be responsible for any consequences resulting from the use of this material as well as the reliance upon any opinion or statement contained herein.

Shareholders and potential investors are advised to exercise caution when dealing or trading in the shares of the Company. In the event of any doubt as to the action they should take, shareholders and potential investors should consult their financial, tax, legal or other professional advisers.

This announcement has been prepared by the Company and its contents have been reviewed by the Company's sponsor, RHT Capital Pte. Ltd. (the "**Sponsor**") for compliance with the relevant rules of the SGX-ST.

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

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