



Trans-China Automotive Holdings Limited

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(Company Registration Number: 306871)

(Incorporated in the Cayman Islands on 18 December 2015)

FOR IMMEDIATE RELEASE

Trans-China Automotive achieves 1H2022 net profit of RMB40.4 million on the back of RMB2.0 billion in sales

- *Opens first Genesis store in Guangzhou in May 2022*
- *TCA awarded with second Genesis store in Changsha slated to open by the end of the year*
- *Reduction in overall debt*

Financial Highlights (RMB Million)	6 months ended 30 June		
	1H2022	1H2021	Change (%)
Revenue from Sales of Automobiles	1,799.5	2,202.5	(18.3)
Revenue from Provision of After-Sales Services	249.8	259.7	(3.9)
Total Revenue	2,049.3	2,462.2	(16.8)
Gross Profit	147.1	204.3	(28.0)
Gross Profit Margin (%)	7.2	8.3	(1.1) % pt
Net Profit	40.4	72.2	(44.0)

SINGAPORE, 12 August 2022 – Trans-China Automotive Holdings Limited (耀骅汽车集团) (“TCA” or the “Company”, and together with its subsidiaries, the “Group”), a leading PRC premium automobile dealership group has generated net profit of RMB40.4 million on the back of RMB2,049.3 million in total revenue for the six months ended 30 June 2022 (“1H2022”) as compared to revenue of RMB2,462.2 million and net profit of RMB72.1 million generated in the corresponding six months in 2021 (“1H2021”).

The Group’s performance reflected the slowdown in China’s economy, which was impacted by the country’s strict domestic COVID-19 policies that significantly curtailed business and social activities especially in the months of April and May when restrictions were particularly severe. As a result, China’s GDP grew at 2.5% in the first quarter ended 31 March 2022, and at only 0.4% in the second quarter ended 30 June 2022 – its second slowest rate of expansion in 30 years¹.

In the first half of 2022, overall passenger car sales in China fell 7.2% (“YoY”) according to China Passenger Cars Association (“CPCA”) with the premium segment recording a larger decline. The market’s leading premium auto brands² including BMW (down 18.9%), Mercedes (down 19.4%) and Audi (down 24.2%) all reported lower numbers of units sold.

¹ 14 July 2022, Financial Times – China narrowly misses second quarter contraction as zero-Covid batters economy

² 20 July 2022, Zaker – 豪华车半年考：1-6月零售130万辆同比下滑14%，有品牌暴跌91.9%

1H2022 performance review by segment

On a segmental basis, the Group's results were in line with industry performance. TCA's overall revenue from **Sales of Automobiles** declined 18.3% YoY to RMB 1,799.5 million in 1H2022 with the number of new cars sold falling to 5,027 units in 1H2022 as compared to 6,011 units sold in 1H2021. Discounts offered to encourage car purchases by customers compressed the segment's gross profit margin and gross profit to 2.2% and RMB40.2 million respectively (1H2021: gross profit margin – 4.3%; gross profit – RMB95.7 million). The decline in sales and gross profits during the 1H2022 were also in sharp contrasts to 1H2021 where the Chinese economy and auto market rebounded after the slowdown caused by the initial wave of COVID-19 restrictions.

Similarly, demand for **After-Sales Services** was affected by COVID-19 related movement restrictions, though with much lesser degree, with revenue from the segment declining 3.9% YoY to RMB249.8 million in 1H2022. Gross profit and gross profit margin were stable at RMB106.9 million and 42.8% respectively (1H2021: gross profit – RMB108.6 million; gross profit margin – 41.8%).

As at 30 June 2022, the Group remained financially healthy with RMB157.2 million in cash and cash equivalents (RMB153.3 million as at 30 June 2021).

Corporate Development and Outlook

The COVID-19 containment strategies continue to dampen the economic activities across the Group's markets. If there is an easing of the COVID-19 control protocols and economic recovery, TCA expects financial performance to improve in line with the economy.

To capture the potential opportunities from recent policy changes which simplify regulations surrounding pre-owned car title transfers and license plate processes, TCA has been experimenting with ways to optimise the pre-owned car segment. The Group historically operated an agency model, receiving agency fees by acting as an intermediary between the sellers and buyers. The Group has started taking inventory of selected used cars to do light refurbishment before resale. Customer interest has been encouraging, with 24 used cars sold for recognised revenue of RMB7.7 million in 1H 2022 as compared to 6 units sold and RMB1.5 million in 1H 2021.

In recognition of the challenging operating environment, TCA had executed several initiatives to strengthen its financial position and position itself for future growth. In 1H2022, the Group reduced its net interest-bearing liabilities by 22.6% and net gearing ratio improved from 1.9 times as at 31 December 2021 to 1.4 times as at 30 June 2022.

In May 2022, TCA opened its first Genesis dealership in Guangzhou with positive customer response. The Group is the brand's exclusive partner in Guangzhou and in June 2022, it was awarded similar status in Changsha, where it plans to open a dealership before the end of 2022. The Genesis brand



has received many accolades and its line-up of EV and ICE cars have also been acclaimed in the US and international press.

In other operational developments, construction of TCA's new BMW Service Centre in Pingshan, Shenzhen, has begun and subject to regulatory approval, it is scheduled to commence operations also before the end of 2022.

Executive Chairman & Chief Executive Officer, Mr Francis Tjia (谢汉耀), said: *"Despite challenging conditions, I am very pleased with the steps we've taken towards our long-term goals. We have strengthened our balance sheet and brand portfolio with the securing of the coveted Genesis marque and will continue to seek other premium brands to strengthen our position as a leading distributor of premium automobiles in the PRC.*

When there is recovery in the macro environment we expect our performance to improve. Meanwhile, we continue to benefit from the proven BMW dealership business model and will pursue more opportunities with the brand to expand our presence in our key markets."

TCA's strategy is to prioritise expansion in markets with existing operations to leverage market knowledge and existing banking and government relationships. A current priority will be finding a suitable luxury automobile marque to setup a dealership next to its Chongqing BMW store on the Company's land.

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About Trans-China Automotive Holdings Limited

Trans-China Automotive Holdings Limited (耀骋汽车集团) ("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 ultra-premium automobiles under the BMW, McLaren, and Genesis brands, the Group's dealerships are located in the PRC primarily in key cities in Greater Bay Area and other select tier two cities.

Its multiple business segments include the sale of new automobiles under its dealerships, sale of pre-owned 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.

Issued for and on behalf of Trans-China Automotive Holdings Limited

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