



FOR IMMEDIATE RELEASE

Trans-China Automotive proposes dividend amid lower FY2022 performance in tough market conditions

- Maintains profitability in spite of significant industry headwinds
- Expects revenue contributions to become evident from Shenzhen BMW service centre, which commenced operations in December 2022 and from second Genesis showroom in Changsha, which opened in January 2023
- Expects to open a third Genesis showroom in Foshan in the second quarter of 2023
- Proposes final dividend of RMB0.0068 per ordinary share, which amounts to a total payout of RMB4.0 million, representing 19.0% of earnings for FY2022

Financial Highlights (RMB Million)	12 months ended 31 December		
	FY2022	FY2021	Change (%)
Revenue from Sales of Automobiles	3,518.2	3,972.2	(11.4)
Revenue from Provision of After-Sales Services	505.2	543.5	(7.0)
Agency revenue	3.2	-	100.0
Total Revenue	4,026.6	4,515.7	(10.8)
Gross Profit	197.1	371.6	(46.9)
Gross Profit Margin (%)	4.9	8.2	(3.3) % pt
Net Profit After Tax ("NPAT")	21.0	124.0	(83.1)

SINGAPORE, 24 February 2023 – Leading PRC premium automobile dealership group, **Trans-China Automotive Holdings Limited (耀骅汽车集团) ("TCA" or the "Company"**, and together with its subsidiaries, the **"Group"**), has maintained profitability and proposed a dividend despite the tough Chinese market condition.

Stringent COVID-19 control measures such as lockdowns and movement restrictions remained enforced throughout the year under review and resulted in an economic slowdown in China. In spite of this, the overall Chinese passenger vehicle market grew 1.9% to 20.5 million units spurred by subsidies for electric vehicle ("EV") purchases and tax cuts for mass market cars below RMB300,000. Although the premium segment contributed to the overall increase with 2.7 million units sold in 2022 – a year-on-year ("YoY") increase of 3.9% over 2021 – major premium auto brands such as BMW (down 6.4%), Mercedes (down 0.9%) and Audi (down 9.7%) all recorded lower numbers of units sold¹.

Against this backdrop, the Group closed the financial year ended 31 December 2022 ("FY2022") with a net profit of RMB21.0 million on the back of RMB4,026.6 million in total revenue as compared to

¹ Data extracted from <https://new.qq.com/rain/a/20230112A08YHP00>



net profit of RMB124.0 million and revenue of RMB4,515.7 million in the corresponding period a year ago (“FY2021”).

FY2022 performance review

The Group’s Sales of Automobiles segment was hard hit in FY2022, particularly in the traditionally busy fourth quarter when lockdowns affected many of its dealership stores and later in the quarter where almost its entire workforce was infected with COVID-19 following the easing of restrictions in December 2022. Consequently, TCA’s revenue from **Sales of Automobiles** declined 11.4% to RMB3,518.2 million from RMB3,972.2 million in FY2021, largely due to lower average sales price at RMB355,000 with lower unit sales of 9,904 automobile units in FY2022 (FY2021: average sales price – RMB368,000; units sold – 10,809). Likewise, demand for **After-Sales Services** fell with declining sales as revenue from the segment dropped to RMB505.2 million, down 7.0% from RMB543.5 million in FY2021. This was mainly attributable to lower car usage and mileage driven as a result of the COVID-19 restrictions. The Group also generated agency revenue of RMB3.2 million under the agency dealership business agreement.

To encourage consumption and stimulate showroom traffic, more discounts were advertised and offered to customers. This led to a decline in overall gross profit margin to 4.9% in FY2022.

As at 31 December 2022, the Group’s balance sheet remained healthy with RMB106.3 million in cash and cash equivalents (RMB153.3 million as at 31 December 2021).

Corporate Development and Outlook

TCA expects market conditions in the immediate term to remain soft as China gradually emerges out of a sluggish economy. However, over the medium term the Group expects the Chinese economy to improve on consumer spending spurred in part by high savings rate over the last two years².

The Group has readied itself for a market rebound. In December 2022, TCA opened the Shenzhen BMW service centre in Pingshan. Strategically located adjacent to TCA’s Shenzhen BMW dealership in Longgang, the Shenzhen BMW service centre is the first in the district with only less than 10% of TCA’s existing customers coming from this district. The new service centre is expected to increase the BMW brand exposure and attract new customers.

The second opening is the TCA’s second Genesis showroom, which commenced operations in Changsha in January 2023 following the first one in Guangzhou in August 2022. The Group has been awarded a third Genesis franchise in the affluent Guangdong city of Foshan, home to the Group’s largest and most established BMW store. Construction of the service centre has commenced and is expected to open in the second quarter of 2023.

² Oliver Wyman, China’s Consumption Outlook



Executive Chairman & Chief Executive Officer, Mr Francis Tjia (谢汉耀), said: *“Genesis is a strong brand with beautifully designed automobiles that have gained traction and popularity in the markets where it has been launched. We secured this brand during pandemic times and we were the first to offer it in Guangdong province. Now that COVID-related restrictions have been eliminated, we are very excited to present and market this new luxury brand properly to our customers. We believe the brand will do as well in the China market as it had done elsewhere.”*

The Group has proposed a final dividend of RMB0.0068 per ordinary share, which amounts to a total payout of RMB4.0 million, representing 19.0% of earnings for FY2022. The dividend is well supported by our cash flow from operations of RMB 225.3 million.

Mr Francis Tjia said: *“After operating under tough conditions the past year, we are now looking forward to ride on the consumption recovery, notwithstanding the ongoing macroeconomic challenges. With our expansion plans already in motion, we are better positioned in an eventual recovery of the Chinese economy.”*

TCA remains committed to expanding the breadth and depth of its business, with a focus on the premium and ultra-premium segment of the automotive market in China. The next phase of expansion will be to find a suitable brand partner for the vacant land in Chongqing next to its BMW showroom.

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About Trans-China Automotive Holdings Limited

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 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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