

## **Profit Warning for the Six-Month Period Ended 30 June 2023**

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The Board of Directors (the “**Board**”) of Trans-China Automotive Holdings Limited (“TCA” or the “**Company**”, and together with its subsidiaries, the “**Group**”) wishes to update shareholders following the voluntary business update for 1<sup>st</sup> quarter ended 31 March 2023, and provide shareholders with a profit warning for the six-month period ended 30 June 2023 (“**1H2023**”).

Following a preliminary assessment of the unaudited financial results of the Group for 1H2023 that is currently available to the Board of Directors, the Company is expected to report a net loss compared with a net profit for the six-month period 30 June 2022 (“**1H2022**”).

This is mainly attributable to:

- The Chinese economy is soft. The Chinese economy stalled in the second quarter after a short-lived rebound following the relaxation of COVID-19 controls in the first quarter. Key macro-economic gauges such as factory activity, unemployment and housing sales in the first five months have been below expectations leading to economists revise downwards the Chinese economic growth estimates<sup>1</sup>. The slow economy has led to weak consumer sentiment including large expenditure such as car purchases.
- According to the China Passenger Car Association<sup>2</sup>, Chinese passenger vehicle sales grew by 2.7% to 9.5 million units in first half of 2023 compared to the same period in 2022 which were then affected by COVID-19 lockdowns. While the uptick in sales the first half of 2023 is encouraging, sales this half were still 4.1% lower than they were in the first half of 2021 when the Chinese economy was relatively robust.

Another point worth noting is that new energy vehicles (“**NEV**”) sales grew by 37.3% units to 3.0 million units during the first half of 2023. Over the past few years there have been numerous NEV introductions by new market entrants and established manufacturers. While most of the NEVs fall below the premium segment, the soft economy downgraded some spending leading to the rapid growth in mass market NEV brands. Further, earlier in the year, the leading NEV brands began a discounting campaign which ignited an intense price war. As a result of these factors, the Group’s new vehicle sales and gross

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<sup>1</sup> [Roundup: May’s Disappointing Data Dent China’s Growth Prospects \(caixinglobal.com\)](https://www.caixinglobal.com/news/roundup-mays-disappointing-data-dent-chinas-growth-prospects)

<sup>2</sup> [China’s Car Sales Slow as Price War Disrupts Market \(caixinglobal.com\)](https://www.caixinglobal.com/news/chinas-car-sales-slow-as-price-war-disrupts-market)

margins in 1H2023 were lower than the comparable period prior year thereby affecting Company's profitability.

- New expansion projects embarked on in FY2022 and FY2023 have not reached yet profitability. The Company officially opened Guangzhou Genesis showroom in August 2022, Shenzhen BMW Service Center in December 2022, Changsha Genesis showroom in January 2023 and Foshan Genesis showroom in June 2023.

The Company is still in the process of finalising its unaudited financial results of the Group for 1H2023. Further details of the Group's financial performance will be disclosed when the Company announces its unaudited financial results on or before 14 August 2023.

### **Caution in Trading**

Shareholders are advised to exercise caution when dealing in the securities of the Company and to refrain from taking any action in relation to their securities which may be prejudicial to their interests. If in doubt about the action that they should take, shareholders should seek advice from their stockbrokers, bankers, solicitors, accountants, tax advisers or other professional advisers.

### **By Order of the Board**

Francis Tjia  
Executive Chairman and Chief Executive Officer  
12 July 2023

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*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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