

## **Profit Guidance for the Full Year Ended 31 December 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**”) refers to announcements on profit guidance for half year ended 30 June 2023 dated 12 July 2023 and voluntary business update for 3<sup>rd</sup> quarter ended 30 September 2023 dated 2 November 2023, and wishes to provide shareholders with profit guidance for the year ended 31 December 2023 (“**FY2023**”).

The Company wishes to announce that, following a preliminary assessment of the unaudited financial results of the Group for FY2023 that is currently available to the Board of Directors, the Company is expected to record a net loss for FY2023 compared with a net profit after taxes for the full year ended 31 December 2022 (“**FY2022**”).

This is mainly attributable to:

- Low consumer confidence – the Chinese economy is estimated to have expanded by 5.2% in FY2023 over FY2022<sup>1</sup>, a low base when much of China was affected by COVID19 pandemic controls. Although business activity has resumed, much of the greater economy is affected by the ongoing property crisis, tepid domestic consumption and weak exports. This has resulted in low consumer sentiment affecting luxury and super-luxury car sales.
- Intensively competitive car market – according to the China Passenger Car Association new energy vehicles (“**NEV**”) sales grew by 36.2% units to 7.7 million units during 2023<sup>2</sup>. 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, in early 2023, leading NEV brands began a discounting campaign which ignited an intense price war that persisted for much of FY2023. As a result of these factors, the Group’s new vehicle sales were lower and gross margins negative in FY2023 resulting in a net loss for the Company in FY2023.

1. [China’s Economy Likely Grew Around 5.2% in 2023, Premier Says \(caixinglobal.com\)](https://www.caixinglobal.com)  
2. <http://www.cpcauto.com/newslist.php?types=csjd&id=3340>

- New expansion projects embarked in FY2022 and FY2023 have not reached profitability. The Company opened the Guangzhou Genesis dealership and Shenzhen BMW Service Center in 2022 and Changsha and Foshan Genesis dealerships in 2023.
- As a result of planned rationalization of the Company's supercar showrooms, the assets related to supercar division have been impaired resulting in a non-cash impairment charge.

The Company is still in the process of finalising its unaudited financial results of the Group for FY2023. Further details of the Group's financial performance will be disclosed when the Company announces its unaudited financial results on or around 27 February 2024.

### **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  
19 January 2024

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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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