



**Trans-China Automotive Holdings Limited**  
 #3002, 30<sup>th</sup> Floor, 88 Hing Fat Street, Causeway Bay, Hong Kong  
 (Company Registration Number: 306871)  
 (Incorporated in the Cayman Islands on 18 December 2015)

## Trans-China Automotive Holdings Limited Voluntary Business Update

**Hong Kong, SAR – 8 May 2024** - 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 2024 to 31 March 2024 ("1Q2024"). All currency amounts referred to in this update are in Chinese Renminbi unless stated otherwise. The financial information for 1Q2024 is based on the Group's latest unaudited consolidated management accounts.

### Summary:

- Unit sales of Premium-branded cars increased by 0.6% in the first quarter of 2024 while the overall market increased by 13.2%<sup>1</sup>
- Industry remains intensively competitive
- TCA's total revenue declined by 22.5% in the first quarter of 2024 compared with same period prior year as a result of lower automobile sales revenue
- TCA's after-sales revenue resumes growth

### 1Q2024 Business Update

The following table shows the quantity of vehicles sold and revenues for the first quarter of 2022 ("1Q2022"), the first quarter of 2023 ("1Q2023") and 1Q2024. The financial information is based on the Group's unaudited consolidated management accounts for 1Q2022, 1Q2023, and 1Q2024:

Quantity and Revenue	1Q2022	1Q2023	1Q2024	1Q2023 vs 1Q2022	1Q2024 vs 1Q2023
Units delivered <sup>(1)</sup>	2,663	2,249	1,773	(15.5)%	(21.2)%
<b>Revenue (RMB'000)</b>					
- Sales of automobiles <sup>(1)</sup>	970,704	769,841	559,241	(20.7)%	(27.4)%
- After-sales services	124,353	121,610	131,835	(2.2)%	8.4%
- Agent commission	-	1,324	1,015	n.m.	(23.3)%
<b>Revenue (RMB'000)</b>	<b>1,095,057</b>	<b>892,775</b>	<b>692,091</b>	<b>(18.5)%</b>	<b>(22.5)%</b>
<b>Revenue (S\$'000)<sup>(2)</sup></b>	<b>234,991</b>	<b>173,354</b>	<b>129,605</b>	<b>(26.2)%</b>	<b>(25.2)%</b>

**Note:**

- (1) Units delivered consists of new and pre-owned automobiles sold and cars delivered under agency arrangement; sales of automobiles consist of new and pre-owned automobile revenue
- (2) Based on the average 3 months exchange rate of S\$1.00: RMB4.66 in 1Q2022; RMB5.15 in 1Q2023; RMB5.34 in 1Q2024

<sup>1</sup> <http://www.cpcauto.com/newslist.php?types=csid&id=3428>

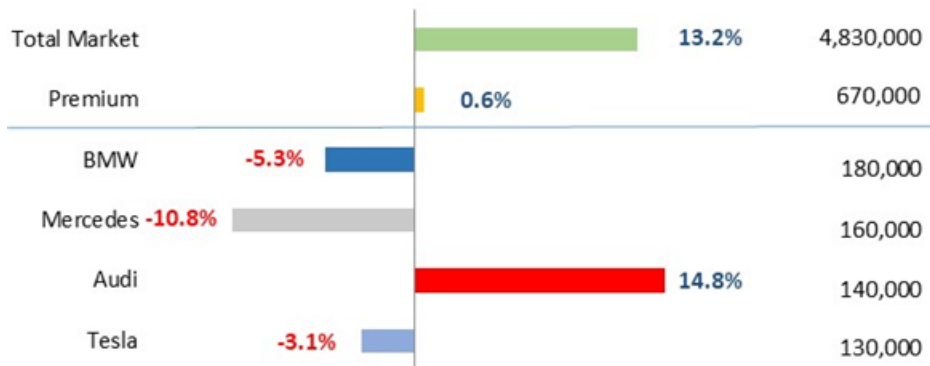


**Overall business environment**

GDP grew by 5.3% in the first quarter of 2024 led by strong exports and manufacturing investment, but weak domestic demand and the soft property market continue to dampen growth<sup>2</sup>.

Continued weak consumer sentiment has resulted in a consumption downgrade in the car market, with consumers migrating significantly towards mass-market and price-competitive brands at the expense of premium brands. The overall car market grew by 13.2% (yoy) to 4.8 million units in the first quarter of 2024 with most of the growth in the entry and mass market segments. The premium car segment only grew by 0.6% (yoy) units to 670,000 units in the quarter. BMW, Mercedes and Tesla recorded volume declines in first quarter of 2024 compared with same period prior year while Audi recorded volume growth of 14.8% to 140,000 units. Audi’s strong unit increase in 1Q2024 was due to introduction of new electric vehicles and also the comparison base was low because the brand had recorded sharp unit decline in 1Q2023.

**Chinese Car Market 1Q2024**



See footnote for source<sup>3</sup>

The emergence of EVs, many of them new entrants, have upended the market. In March 2024, EV sales reached 37.1% of total new passenger vehicle sales<sup>4</sup>. Over the last few years, there have been many electric vehicle introductions by new brands and established marques alike. Each of these brands are pricing their cars aggressively to build scale quickly. In doing so the mass market at the RMB300,000 price point and lower is extremely competitive. Furthermore, our main

<sup>2</sup> <https://www.caixinglobal.com/2024-04-16/chinas-gdp-grew-x-in-first-quarter-missingbeatingmeeting-expectations-102186355.html>

<sup>3</sup> The Company makes estimates based on the following sources  
<https://www.dongchedi.com/article/7356450416823091723>  
<https://www.163.com/dy/article/IVGRAJ4C05561LHA.html>  
<https://www.audi.com/content/dam/gbp2/downloads/report/interim-reports/2024/audi-quarterly-update-q1-2024.pdf>  
<https://www.199it.com/archives/1684997.html>

<sup>4</sup> <http://data.cpcauto.com/FuelMarket>



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markets which are located in the southern part of China have higher EV penetration because the weather is more favorable to year-around EV use whereas the cold winters in the northern and central part of China shortens the driving range for EVs. This has resulted in larger sales volume drop in our stores compared with the national sales.

In April, Xiaomi – the electronics and smart home appliance company, launched a car to much acclaim. In the initial one-month period after the launch of the Xiaomi SU7, Xiaomi secured 70,000 orders<sup>5</sup>. In response, other brands such as Tesla, BYD and Li Auto offered discounts, further intensifying the hyper-competitive conditions.

It is difficult to predict when these extremely competitive conditions will subside. The overcapacity and negative industry profits in our sector mean that additional investment into the sector will likely be more cautious. This is expected to result in fewer new entrants and funding for the loss-making new participants becoming scarce. Industry insiders are expecting a round of consolidation and elimination of the some of the smaller manufacturers later this year<sup>6</sup>.

*Automobile revenue*

Automobile revenue declined by 27.4% to RMB559.2 million in 1Q2024. We signed lower sales targets for FY2024 with our main brand partners. The lower sales targets in a weak sales environment alleviates gross margin pressure on new car sales.

However, due to the intensely competitive situation, car gross margins remain negative resulting in a loss for the quarter.

*After-sales services revenue*

Revenue from after-sales services during 1Q2024 was RMB131.8 million, representing an increase of 8.4% compared to 1Q2023. We have redoubled our efforts to draw more service customers to our dealerships through promotions and working closely with our insurance company partners. Furthermore, 1Q2023 was a low comparison base as car usage declined significantly in January of 2023 when COVID-19 infections rates were high which affected overall demand for after-sales services.

*Agent commission*

Agent commission refers to the delivery fee TCA receives for Genesis cars under an agency dealership business arrangement. Under the agency dealership business arrangement, the Group

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<sup>5</sup> <https://www.scmp.com/tech/tech-trends/article/3260057/xiaomi-declares-initial-victory-ev-foray-over-70000-orders-su7-sedan-first-month>

<sup>6</sup> [Analysis: China's EV market reshaped by a brutal elimination round | CNN Business](#)



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does not take inventory of cars but instead receives a fee for each car delivered. Sales commissions declined as a result of weak sales market.

### **Corporate Developments**

We are in the midst of renovating our Chongqing BMW store to the latest BMW dealership standards. The total budget is estimated at RMB15 million. We estimate to complete the renovation over the summer of 2024. All of TCA's other BMW dealerships have undergone the required upgrades.

Our Shenzhen BMW Service centre is performing well and has recorded sequential quarterly revenue improvements since opening. However, due to the capital commitment and the risks involved in opening an additional outlet in a soft market, we will not be upgrading the location to a full dealership.

We have three Genesis locations. We opened the Guangzhou location in FY2022 while the Changsha and Foshan locations were opened in FY2023. As a new brand to China, it has been challenging to gain brand recognition at a time where there are many new car brands. As such, the sales ramp up has been below our expectations. We remain in close contact with our manufacturer partner to work together to increase brand visibility and optimize operations.

### **Chongqing Dealership Renovation Renderings**





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## **Outlook**

Our industry remains intensively competitive and the industry profit are forecasted to turn negative in FY2024<sup>7</sup>. The current conditions are not expected to improve without normalization of the car industry. In this environment, TCA will be focussing after-sales services, used car sales and other value-added services to help alleviate negative gross margins on car sales.

As the price war is continuing into the second year, the industry will likely head towards an eventual shakeout and consolidation. Therefore, in this uncertain environment, TCA is cautious with any large expenditures and will continue to emphasize cost control. When market conditions eventually improve, the Company will be well positioned for future growth.

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## **About Trans-China Automotive Holdings Limited (SGX: V12)**

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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<sup>7</sup> <https://www.scmp.com/business/china-business/article/3260527/china-ev-price-war-worsen-market-share-takes-priority-over-profit-hastening-demise-smaller-players>



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**Disclaimer**

Figures for 1Q2022, 1Q2023 and 1Q2024 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.

The Company wishes to emphasise that none of the forward-looking statements in this document is intended to be a profit forecast, and should not be treated as such.

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.

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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 Singapore Exchange Securities Trading Limited (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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