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

TCA reports revenue of RMB3,455.5 million in FY2023 amid muted macroenvironment and competitive industry landscape

- *China's real estate crisis, weak domestic demand and ongoing hyper-competition in the automotive space continue to present challenges*
- *The Company has implemented stringent cost control strategies for cash conservation and to reduce working capital requirements*
- *Renovation of the Chongqing BMW store to improve customer shopping experience*

Financial Highlights (RMB Million)	12 months ended 31 December		
	FY2023	**FY2022**	**Change (%)**
Revenue from Sales of Automobiles	**2,943.6**	3,518.2	(16.3)
Revenue from Provision of After-Sales Services	**505.8**	505.2	0.1
Agency Revenue	**6.1**	3.2	90.6
Total Revenue	**3,455.5**	4,026.6	(14.2)
Gross Profit	**60.7**	197.1	(69.2)
Gross Profit Margin (%)	**1.8**	4.9	(3.1) %pt
Net (Loss)/Profit	**(91.6)**	21.0	n.m.

SINGAPORE, 27 February 2024 – **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 recorded RMB3,455.5 million in revenue for the financial year ended 31 December 2023 ("**FY2023**"), compared to revenue of RMB4,026.6 million in the corresponding period a year ago ("**FY2022**").

The decline was largely due to weaker consumer sentiment as the protracted property crisis, deflationary risks, and ongoing geopolitical tensions cast a muted outlook over the Chinese economy. Although gross domestic product growth was 5.2% in 2023[1], China's retail sales and consumer sentiment was weak.

On top of tough macro-economic conditions, the Group's performance was also weighed down by an intensely competitive industry landscape as consumers were offered a wide choice of new energy vehicles ("**NEV**") with numerous local models introduced at competitive prices. According to the China Passenger Car Association ("**CPCA**"), sales of NEVs accounted for 36.2% of the total car sales in 2023, an increase of 8.1% from the year before. With NEVs priced competitively between RMB100,000 and RMB200,000, sales of the premium segment were also impacted and recorded below market growth in 2023.

[1] 17 January 2024, Reuters – China's 2023 GDP shows patchy economic recovery, raises case for stimulus

In view of the subdued economy and fierce competition, the Group's **Sales of Automobiles** segment declined by 16.3% year on year to RMB2,943.6 million because the Company sold fewer cars. New automobile gross margins were negative as a result of the challenging market conditions; however, we were able to partially offset the new car gross losses with ancillary services income such as finance and insurance commissions resulting in an overall positive gross profit.

On the other hand, the Group's **After-Sales Services** segment saw a recovery in revenue in the second half of FY2023, following a slight dip in the first half which was due to lower car usage amid the surge in Covid-19 infections after the easing of pandemic restrictions in early 2023. Revenue was stable at RMB505.8 million, however gross profit and gross margin for the segment declined 8.9% to RMB177.3 million and 35.1% respectively as a result of higher proportion of after-sales revenue coming from lower gross margin maintenance and servicing compared with the year before (FY2022: revenue – RMB505.2 million; gross profit – RMB194.6 million; gross margin – 38.5%).

The Group generated **Agency Revenue** of RMB6.1 million, a 90.6% increase from RMB3.2 million following the opening of two additional showrooms under the agency dealership arrangement.

As a result of the aforementioned, the Group's overall gross profit declined 69.2% to RMB60.7 million in FY2023 compared to RMB197.1 million in FY2022, and gross profit margin declined 3.1 percentage point to 1.8% from 4.9% in FY2022.

Furthermore, the Group incurred a RMB25.8 million non-cash impairment charge in the supercar division due to continued losses and planned rationalization of showrooms. As a result, the Company recorded a net loss of RMB91.6 million in FY2023, compared to a net profit of RMB21.0 million in FY2022.

Cashflow from operations was RMB106.1 million in FY2023 compared to RMB329.0 million the year before despite the net loss. As at 31 December 2023, the Group had RMB75.0 million in cash and cash equivalents but ended the year with negative working capital of RMB 76.9 million as a result of the net loss and investments in long term assets. Overall, the Group reduced its net interest-bearing liabilities to RMB487.3 million from RMB646.5 million as at 31 December 2022.

<u>Corporate Development and Outlook</u>

While challenging market conditions will likely persist in the near future, the automotive industry in China continues to undergo rapid transformation, characterised by technological innovations and changes in consumer behaviour. Although the post-pandemic recovery has been slow, TCA has expanded to ensure that the Group is in a position to capture the eventual recovery.

In FY2023, TCA successfully opened Genesis stores in Changsha and Foshan, as well as renovated its BMW dealership in Guangzhou. These ventures proved fruitful, generating nearly double the agency revenue, and timely to showcase BMW's pipeline of new 5 and 7 Series. In FY2024, the Group plans to renovate its Chongqing BMW dealership to enhance the overall customer shopping experience. Other than this planned renovation, the Group has no other committed expansion plans.

Executive Chairman & Chief Executive Officer, Mr Francis Tjia (谢汉耀), said: "*In the current intensely competitive environment our focus is to tighten our cost control and optimize our operations. We are cautious and selective with any further expansion and capex plans. Longer term, when the industry normalizes, we believe that we are well-positioned owing to our established BMW dealerships and exposure to new brands such as Genesis.*"

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<u>About Trans-China Automotive Holdings Limited</u>

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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