



Trans-China Automotive Holdings Limited
 #3002, 30th 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 – 2 November 2023 - 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 nine-month period from 1 January 2023 to 30 September 2023 ("9M2023"). All currency amounts referred to in this update are in Chinese Renminbi unless stated otherwise. The financial information for 9M2023 is based on the Group's latest unaudited consolidated management accounts.

Summary:

- Premium car sales in China for the first nine months of 2023 decreased by 8.4% to 2.2 million units (year-over-year) due to a soft economy and suppressed consumer confidence¹
- TCA's overall revenue decreased by 16.0% to RMB 2,580 million and revenues from automobile sales decreased by 18.1% to RMB 2,197 million in 9M2023 compared to the same period prior year

9M2023 Business Update

The following table shows the quantity of vehicles sold and revenues for the first nine months in 2021 ("9M2021"), the first nine months in 2022 ("9M2022") and 9M2023. The financial information is based on the Group's unaudited consolidated management accounts for 9M2021, 9M2022, and 9M2023:

Quantity and Revenue	9M2021	9M2022	9M2023	9M2022 vs 9M2021	9M2023 vs 9M2022
Units Delivered ⁽¹⁾	8,584	7,626	6,563	(11.8)%	(13.3)%
Revenue (RMB'000)⁽¹⁾					
- Sale of automobiles	3,154,643	2,682,995	2,197,329	(15.0)%	(18.1)%
- After sales services	401,535	385,922	378,282	(3.9)%	(2.0)%
- Agent commission	-	1,227	4,838	n.m.	294.3%
Revenue (RMB'000)	3,556,178	3,070,144	2,580,449	(13.7)%	(16.0)%
Revenue (S\$'000)⁽²⁾	736,269	639,613	492,452	(13.1)%	(23.0)%

Note:

- (1) Figures revised: Units delivered consists new and pre-owned automobiles sold and delivered under agency agreements; sales of automobiles consist of new and pre-owned automotive revenue
- (2) Based on the average 9 months exchange rate of S\$1.00 : RMB4.83 in 9M2021; RMB4.80 in 9M2022; RMB5.24 in 9M2023

¹ [乘用车市场信息联席会 \(cpcaauto.com\)](http://cpcaauto.com)



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Overall business environment

The Chinese economy grew by 1.3% in the third quarter compared to the second quarter and grew by 4.9% year-on-year.² It should be noted that much of the country was affected by COVID-19 controls during the same period in 2022.

The automotive market grew by 2.4% to 15.2 million units in the first 9 months of financial year ending 31 December 2023 (“FY2023”) compared to the same period in FY2022¹. Traditional premium brands such as BMW, Mercedes and Audi are having a challenging year, each recording year-on-year declines in overall volume. Contributing factors to this decline are the soft economy as well as the significant growth in electric vehicle (“EV”) sales and market share.

EV sales in China continued to capture market share, led by Tesla and BYD and local brands such as Li Auto, Neta, Zeekr and many others. Many of these brands mostly cater to the mid-market segment, although some indeed aim for the premium segment. In the first 9 months, EV sales rose 33.8% to 5.2 million units¹. Analysts expect that EV sales in China will be 8.5 million units for the full FY2023³. The EV transition is intensifying competition in the automotive retail industry and pushing down profit margins for OEMs and dealers alike. Many of these EV manufacturers are new entrants and in order for these manufacturers to reach break-even volume quickly, they are attracting buyers with discounts and other incentives. This has resulted in a very fierce price war that has affected all market participants.

We believe that our main OEM partner, BMW, is well positioned and prepared for the electrification transition. BMW has one of the most complete lineups of EVs amongst its peer group. During the first six months of 2023, BMW EV sales in China grew by almost 300% to approximately 45,000 units, representing a significant lead over Mercedes and Audi⁴. BMW will be introducing a new 5-Series that will be available for sale starting early FY2024. The 5-Series is a key car model for the brand and represents approximately 25% of total new car sales for TCA. This newly designed car will be available in ICE and fully electric variants.

Automobile sales revenue

For TCA, sale of automobile revenues declined by 18.1% from RMB 2,683 million in 9M2022 to RMB 2,197 million in 9M2023.

² [China GDP: economic recovery regains momentum in third quarter, edges closer to annual target | South China Morning Post \(scmp.com\)](#)

³ [Chinese EV makers on course to smashing 8.5 million 2023 sales target for mainland, industry players and observers say | South China Morning Post \(scmp.com\)](#)

⁴ <https://autonews.gasgoo.com/m/70023574.html>



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Our annual sales plan is negotiated in the fourth quarter of the preceding year with our brand partners based on prevailing economic data and forecast for the upcoming year. For FY2023, we had initially forecasted growth as there were expectations that the economy and the car market would rebound from the COVID-19 impacted economy. However, as the year progressed, the Chinese economy remained weak and the car market faced a disruption from EVs. These factors lead to very difficult conditions in the premium car segment, leading to significant discounts. In some cases, we even sold cars below cost to meet the sales plan. We continue to work with our brand partners to adjust our sales plan which has resulted in lower deliveries compared to our original sales targets and compared to last year. Our gross margins on automobile sales as disclosed in the semi-annual report continue to be poor, thus affecting overall net profit.

After-sales revenue

Revenue from after-sales service segment during the 9M2023 was RMB 378.3 million, a decrease of RMB 7.6 million or 2.0% as a result of lower car usage in the first two months of the year when China was impacted by COVID-19 outbreaks.

Agency commission

Agency commission refers to the cars delivered under the agency dealership business model. For the nine-month period ended 30 September 2023, the agency commission totalled RMB 4.8 million as compared with RMB 1.2 million the same period prior year. We opened two additional outlets operating under the agency model in FY2023.

Corporate Developments

We opened the Changsha Genesis and Foshan Genesis store in the first half of 2023. TCA also completed the renovation at our Guangzhou BMW dealership as part of the dealership network remodelling requirement.

We continue to look for opportunities to develop the vacant land owned by the Company next to our Chongqing BMW dealership. The area is sufficient for one large dealership or two medium sized stores. We are also evaluating other short-term low risk uses for the land such operating EV charging lots.

Outlook

We expect that in the immediate term the Chinese economy will remain soft and the car market to remain fiercely competitive. Therefore, we expect the margins to continue to be affected as it has in the third quarter and it will have a significant adverse impact to our net profit. We are working closely with our manufacturing partners to navigate these challenging times. They have responded to date with sales plan adjustments, promotional and financial support.



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The recent completion of our initial phase of expansion adds growth to TCA's mature dealership portfolio and puts us in a stronger position to grow when competitive and macro-economic conditions improve. Until the market stabilizes TCA will be cautious with further capital commitments. In the meantime, we remain focused on cost control and balance sheet management.

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About Trans-China Automotive Holdings Limited (SGX: VI2)

Trans-China Automotive Holdings Limited (耀 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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Disclaimer

Figures for 9M2021, 9M2022 and 9M2023 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



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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.

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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