



**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 – 18 October 2022** - 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 2022 to 30 September 2022 ("9M2022"). All currency amounts referred to in this update are in Chinese Renminbi unless stated otherwise. The financial information for 9M2022 is based on the Group's latest unaudited consolidated management accounts.

**Summary:**

- Premium car sales in China for the first eight months of 2022 decreased by 9.2% due to a soft economy and suppressed consumer confidence<sup>1</sup>
- TCA's revenues from automobile sales decreased by 15.0% in the first nine months of 2022
- TCA was appointed by Genesis China as the exclusive dealer for Genesis automobiles in Changsha, Hunan province, and we continue to evaluate further opportunities with Genesis following the successful launch of our store in Guangzhou
- Construction of TCA's BMW Service Centre in Ping-shan District, Shenzhen is progressing and we expected to start operations in the first quarter of 2023

**9M2022 Business Update**

The following table shows the quantity of vehicles sold and revenues for the first nine months in 2020 ("9M2020"), the first nine months in 2021 ("9M2021") and 9M2022. The financial information is based on the Group's unaudited consolidated management accounts for 9M2020, 9M2021, and 9M2022:

<b>Quantity and Revenue</b>	<b>9M2020</b>	<b>9M2021</b>	<b>9M2022</b>	<b>9M2021 vs 9M2020</b>	<b>9M2022 vs 9M2021</b>
Units sold	7,437	8,584	7,574	15.4%	(11.8)%
<b>Revenue (RMB'000)</b>					
- Sale of automobiles	2,723,584	3,154,643	2,682,995	15.8%	(15.0)%
- Provision of after-sales services	367,878	401,535	385,922	9.1%	(3.9)%
<b>Revenue (RMB'000)</b>	<b>3,091,462</b>	<b>3,556,178</b>	<b>3,034,384</b>	<b>15.0%</b>	<b>(14.7)%</b>
<b>Revenue (S\$'000)<sup>(1)</sup></b>	<b>614,604</b>	<b>736,269</b>	<b>632,163</b>	<b>15.0%</b>	<b>(14.1)%</b>

**Note:**

(1) Based on the average 9 months exchange rate of S\$1.00 : RMB5.03 in 9M2020; RMB4.83 in 9M2021; RMB4.80 in 9M2022

**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)

**Overall business environment**

The overall Chinese economy is soft. The GDP growth was 2.5%<sup>2</sup> for the six months ended 30 June 2022 and the economic activity remained largely subdued in the third quarter. Key economic indicators such as housing sales, export and manufacturing activity continue to show weakness<sup>2</sup>. Furthermore, the strict COVID-19 control protocols implemented across China severely hurt consumer confidence and disrupted economic activity. As a result, automobile sales for the first eight months of 2022 decreased by 6.3% to 13.0 million units compared to the same period prior year<sup>1</sup>. However, the premium segment decreased by 9.2% to 2.1 million units during the same period. Amongst the large volume brands, BMW declined by 15.3% while Mercedes Benz declined by 6.4% and Audi declined by 18.0%<sup>1</sup>. Premium segment decreased more than the mass market because some manufacturers are still affected by supply chain issues and prospective buyers are holding off expensive purchases in the soft economy.

Electric vehicle (“EV”) sales in China by contrast rose strongly, led by Tesla and BYD and new local brands such as Aito, Aion, Nio, Avatr, Zeeker and others that cater primarily to the mid-market segment<sup>3</sup>. In the first 9 months, EV sales rose 119% or 3.7 million units. Analysts expect that EV sales in China will be approximately 25% of the total car market for 2022<sup>4</sup>. Established brands including BMW have introduced a suite of EVs and will further broaden its electric model line in the next two years. The current BMW EV models available for sale in China are i3, i4, i3X, iX and i7. BMW is expected to introduce i5 and iX1 in 2023, which means all of the BMW’s best-selling models will have EV and ICE versions.

**Automobile sales revenue**

TCA’s automobile unit sales decreased by 11.8% to 7,574 units slightly better than BMW China’s overall unit sales performance. Automobile sales segment was RMB2,683.0 million in 9M2022 which represented a decrease of 15.8% as compared to 9M2021. As a result of the sluggish market and weak consumer sentiment, the average sale negative growth of 15.3%. BMW China’s unit sales decline was sharper than the Company’s decrease because Shanghai, where TCA does not have dealerships, was in a strict lockdown in April and May of this year.

Revenue from price and gross margins of automobile sales were lower in 9M2022, as compared to 9M2021. However, Battery Electric Vehicle (“BEV”) sales increased in 9M2022 and represented 4.2% of all total sales for the Group or RMB 113.8 million and 325 units. In 9M2021 total BEV sales represented 2.8% of total sales or RMB 83.6 million and 240 units.

**After-sales revenue**

Revenue from after-sales services segment during 9M2022 was RMB385.9 million, representing a decrease of 3.9% as compared to 9M2021. Throughout 9M2022, there were sporadic COVID-



**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)

19 outbreaks in TCA's key markets which lowered vehicle usage and therefore reduced demand for after-sales services.

### **Corporate Developments**

#### **Genesis Appointments**

TCA's Genesis Guangzhou store has officially opened in August 2022 and the initial performance to date has been positive. In August the Company started construction of the TCA's Genesis Changsha store and we expect to commence operations in the first quarter of 2023.

TCA continues to explore opportunities to expand its partnership with Genesis. Genesis cars are well positioned as an alternative to other traditional premium car brands, as evidenced by its sales success in the US market<sup>4</sup>. The Genesis dealership business model in China is also particularly attractive in that a dealer has exclusivity over a city and as an agent, the dealer saves the costs of carrying inventory.

#### **Ping-shan BMW Service Center**

Progress is ongoing for the construction of the BMW Service Center in Shenzhen. This Service Center is located in Ping-shan, an adjacent district to TCA's Shenzhen dealership. Currently, Ping-shan is underserved by luxury automobile brands and Ping-shan BMW Service Center will increase the convenience of servicing cars for existing BMW owners well as open up to potential car buyers. The Service Center is expected to commence operations in the first quarter of 2023.

#### **Pingshan BMW Service Center Construction**



#### **Other Opportunities**

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



**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)

medium sized stores. At the moment, we are in various stages of discussions with different brand partners to secure a dealership appointment.

### **Outlook**

The current economy in China remains soft. Barring the potential for major policy and direction shifts to be announced at the 20th Congress Meeting of the Chinese Communist Party which will be held in mid-October, there are few catalysts in the immediate horizon to suggest that the economic environment will change significantly. Nonetheless, there are stimulative measures in place such as lowered borrowing rates and loosening of the property purchase policies which hopefully will stabilize the overall economy. Furthermore, there are recent auto industry specific changes that support the sector such as a simplification of pre-owned vehicle purchase process and continuation of purchase subsidies and purchase tax exemption for EVs.

In this environment, we are cautious with large expenditures and are focused on cost control and balance sheet management to ensure appropriate financial flexibility. Moving forward, the new Genesis dealership and the BMW Service Center will add growth to TCA's mature dealership portfolio such that when the macro-economic conditions improve, the Company is well positioned for incremental growth.

**- END -**

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

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.

### **For more information, please contact:**

Teong Sang Lee, investor relations specialist

Email: [teongsang.lee@tca-auto.com](mailto:teongsang.lee@tca-auto.com)

Phone: +65 9633 9035

---



**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)

## Disclaimer

Figures for 9M2020, 9M2021 and 9M2022 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.

---

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.

The contact person for the Sponsor is Mr Leong Weng Tuck – Registered Professional, 6 Raffles Quay, #24-02 Singapore 048580, [sponsor@rhtgoc.com](mailto:sponsor@rhtgoc.com).

---

## Footnotes

1. TCA estimates - data up to August 2022. September data is not available at the time of publication
2. <https://www.chinadailyhk.com/article/280850#China's-GDP-expands-2.5%25-in-first-half-of-2022>



**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)

3. <https://www.globaltimes.cn/page/202210/1276575.shtml>
4. <https://www.nytimes.com/2022/09/26/business/china-electric-vehicles.html>
5. <https://premium.goauto.com.au/are-cars-too-expensive/>