HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED
華 眾 車 載 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6830)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2024 AND CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB1.8 billion, representing a decrease of approximately 0.2% when compared to that of the year ended 31 December 2023.
- Profit attributable to owners of the parent amounted to approximately RMB41.9 million, representing an increase of approximately 8.7% when compared to that of the year ended 31 December 2023.
- Gross profit margin was approximately 27.3%, representing an increase of about 0.2% when compared to that of the year ended 31 December 2023.
- Basic earnings per share attributable to owners of the parent was approximately RMB2.37 cents (2023: approximately RMB2.18 cents).
- The Board recommends the payment of a final dividend of RMB0.2826 cent (equivalent to HK0.3062 cent at exchange rate of HK$1 equals to RMB0.9229) per ordinary share for the year ended 31 December 2024 (2023: RMB0.2464 cent per share (equivalent to HK0.2717 cent per share)). During the Year, no interim dividend was declared.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Huazhong In-Vehicle Holdings Company Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2024 (the "**Year**"), together with the comparative figures for the year ended 31 December 2023.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2024

	Notes	**2024** *RMB'000*	2023 *RMB'000*
REVENUE	*4*	**1,846,699**	1,850,711
Cost of sales		**(1,341,658)**	(1,349,788)
Gross profit		**505,041**	500,923
Other income and gains, net	*4*	**47,759**	27,974
Selling and distribution expenses		**(129,273)**	(127,557)
Administrative expenses		**(334,153)**	(304,716)
Impairment losses on financial assets, net		**(30,078)**	(39,064)
Other expenses		**(5,424)**	(7,785)
Finance income	*5*	**1,465**	4,994
Finance costs		**(22,191)**	(23,748)
Share of profits of:			
a joint venture		**25,043**	26,064
an associate		**(611)**	—
PROFIT BEFORE TAX	*6*	**57,578**	57,085
Income tax expense	*7*	**(10,332)**	(8,621)
PROFIT FOR THE YEAR		**47,246**	48,464
Attributable to:			
Owners of the parent		**41,909**	38,550
Non-controlling interests		**5,337**	9,914
		47,246	48,464
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted		**RMB0.0237**	RMB0.0218

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2024

	2024	2023
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**47,246**	48,464
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**269**	(13)
Other comprehensive income that will not be reclassified to profit or loss in subsequent periods:		
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**(47,542)**	111,895
Income tax effect	**11,886**	(27,974)
Net other comprehensive (loss)/income that will not be reclassified to profit or loss in subsequent periods	**(35,656)**	83,921
OTHER COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR, NET OF TAX	**(35,387)**	83,908
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**11,859**	132,372
Attributable to:		
Owners of the parent	**6,522**	122,458
Non-controlling interests	**5,337**	9,914
	11,859	132,372

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2024

	Notes	2024 *RMB'000*	2023 *RMB'000*
NON-CURRENT ASSETS			
Property, plant and equipment		**1,023,813**	935,482
Investment properties		**25,600**	28,411
Right-of-use assets		**242,849**	231,977
Intangible assets		**4,940**	5,244
Investments in a joint venture		**148,385**	132,342
Investments in an associate		**2,389**	—
Advance payments for property, plant and equipment		**65,082**	56,384
Equity investments designated at fair value through other comprehensive income		**125,056**	172,598
Pledged deposits		**30,000**	30,000
Deferred tax assets		**31,239**	27,505
Amounts due from related parties		**60,023**	23,000
Other non-current assets		**1,275**	2,175
Total non-current assets		**1,760,651**	1,645,118
CURRENT ASSETS			
Inventories		**611,674**	464,536
Trade and notes receivables	*10*	**876,828**	790,240
Financial assets at fair value through profit or loss		**20,000**	–
Prepayments, other receivables and other assets		**259,655**	279,318
Amounts due from related parties		**45,840**	92,463
Pledged deposits		**48,717**	24,091
Cash and cash equivalents		**161,143**	112,219
Total current assets		**2,023,857**	1,762,867
CURRENT LIABILITIES			
Trade and notes payables	*11*	**1,216,348**	875,588
Other payables and accruals		**292,877**	260,274
Interest-bearing bank and other borrowings		**256,041**	262,062
Amounts due to related parties		**16,503**	11,422
Income tax payable		**33,794**	38,802
Total current liabilities		**1,815,563**	1,448,148

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2024

	2024	2023
	RMB'000	*RMB'000*
NET CURRENT ASSETS	**208,294**	314,719
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,968,945**	1,959,837
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**358,171**	349,315
Government grants	**16,405**	17,791
Deferred tax liabilities	**29,139**	39,199
Total non-current liabilities	**403,715**	406,305
Net assets	**1,565,230**	1,553,532
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**142,956**	142,956
Reserves	**1,245,929**	1,243,767
	1,388,885	1,386,723
Non-controlling interests	**176,345**	166,809
Total equity	**1,565,230**	1,553,532

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with IFRS Accounting Standards (which include all International Financial Reporting Standards, International Accounting Standards ("**IASs**") and Interpretations) as issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments which have been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2024. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control. When the Company has, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises the related assets (including goodwill), liabilities, any non-controlling interest and the exchange fluctuation reserve; and recognises the fair value of any investment retained and any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised IFRS Accounting Standards for the first time for the current year's financial statements.

Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*

The nature and the impact of the revised IFRS Accounting Standards that are applicable to the Group are described below:

(a) Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. Since the Group has no sale and leaseback transactions with variable lease payments that do not depend on an index or a rate occurring from the date of initial application of IFRS 16, the amendments did not have any impact on the financial position or performance of the Group.

(b) The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period..

    The Group has reassessed the terms and conditions of its liabilities as at 1 January 2023 and 2024 and concluded that the classification of its liabilities as current or non-current remained unchanged upon initial application of the amendments. Accordingly, the amendments did not have any impact on the financial position or performance of the Group.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. As the Group does not have supplier finance arrangements, the amendments did not have any impact on the Group's financial statements.

2.2 ISSUED BUT NOT YET EFFECTIVE IFRS ACCOUNTING STANDARDS

The Group has not applied the following new and revised IFRS Accounting Standards, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRS Accounting Standards, if applicable, when they become effective.

IFRS 18	*Presentation and Disclosure in Financial Statements*[3]
IFRS 19	*Subsidiaries without Public Accountability: Disclosures*[3]
Amendments to IFRS 9 and IFRS 7	*Amendments to the Classification and Measurement of Financial Instruments*[2]
Amendments to IFRS 9 and IFRS 7	*Contracts Referencing Nature-dependent Electricity*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to IAS 21	*Lack of Exchangeability*[1]
Annual Improvements to IFRS Accounting Standards – Volume 11	Amendments to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7[2]

1 Effective for annual periods beginning on or after 1 January 2025
2 Effective for annual periods beginning on or after 1 January 2026
3 Effective for annual/reporting periods beginning on or after 1 January 2027
4 No mandatory effective date yet determined but available for adoption

Further information about those IFRS Accounting Standards that are expected to be applicable to the Group is described below.

IFRS 18 replaces IAS 1 *Presentation of Financial Statements*. While a number of sections have been brought forward from IAS 1 with limited changes, IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. Entities are required to classify all income and expenses within the statement of profit or loss into one of the five categories: operating, investing, financing, income taxes and discontinued operations and to present two new defined subtotals. It also requires disclosures about management-defined performance measures in a single note and introduces enhanced requirements on the grouping (aggregation and disaggregation) and the location of information in both the primary financial statements and the notes. Some requirements previously included in IAS 1 are moved to IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors,* which is renamed as IAS 8 *Basis of Preparation of Financial Statements*. As a consequence of the issuance of IFRS 18, limited, but widely applicable, amendments are made to IAS 7 *Statement of Cash Flows*, IAS 33 *Earnings per Share* and IAS 34 *Interim Financial Reporting*. In addition, there are minor consequential amendments to other IFRS

Accounting Standards. IFRS 18 and the consequential amendments to other IFRS Accounting Standards are effective for annual periods beginning on or after 1 January 2027 with earlier application permitted. Retrospective application is required. The Group is currently analysing the new requirements and assessing the impact of IFRS 18 on the presentation and disclosure of the Group's financial statements.

IFRS 19 allows eligible entities to elect to apply reduced disclosure requirements while still applying the recognition, measurement and presentation requirements in other IFRS Accounting Standards. To be eligible, at the end of the reporting period, an entity must be a subsidiary as defined in IFRS 10 *Consolidated Financial Statements*, cannot have public accountability and must have a parent (ultimate or intermediate) that prepares consolidated financial statements available for public use which comply with IFRS Accounting Standards. Earlier application is permitted. As the Company is a listed company, it is not eligible to elect to apply IFRS 19. Some of the Company's subsidiaries are considering the application of IFRS 19 in their specified financial statements.

Amendments to IFRS 9 and IFRS 7 *Amendments to the Classification and Measurement of Financial Instruments* clarify the date on which a financial asset or financial liability is derecognised and introduce an accounting policy option to derecognise a financial liability that is settled through an electronic payment system before the settlement date if specified criteria are met. The amendments clarify how to assess the contractual cash flow characteristics of financial assets with environmental, social and governance and other similar contingent features. Moreover, the amendments clarify the requirements for classifying financial assets with non-recourse features and contractually linked instruments. The amendments also include additional disclosures for investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features. The amendments shall be applied retrospectively with an adjustment to opening retained profits (or other component of equity) at the initial application date. Prior periods are not required to be restated and can only be restated without the use of hindsight. Earlier application of either all the amendments at the same time or only the amendments related to the classification of financial assets is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IFRS 9 and IFRS 7 *Contracts Referencing Nature-dependent Electricity* clarify the application of the "own-use" requirements for in-scope contracts and amend the designation requirements for a hedged item in a cash flow hedging relationship for in-scope contracts. The amendments also include additional disclosures that enable users of financial statement to understand the effects these contracts have on an entity's financial performance and future cash flows. The amendments relating to the own-use exception shall be applied retrospectively. Prior periods are not required to be restated and can only be restated without the use of hindsight. The amendments relating to the hedge accounting shall be applied prospectively to new hedging relationships designated on or after the date of initial application. Earlier application is permitted. The amendments to IFRS 9 and IFRS 7 shall be applied at the same time. The amendments are not expected to have any significant impact.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the IASB. However, the amendments are available for adoption now.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

Annual Improvements to IFRS Accounting Standards – Volume 11 set out amendments to IFRS 1, IFRS 7 (and the accompanying *Guidance on implementing IFRS 7*), IFRS 9, IFRS 10 and IAS 7. Details of the amendments that are expected to be applicable to the Group are as follows:

- IFRS 7 *Financial Instruments: Disclosures:* The amendments have updated certain wording in paragraph B38 of IFRS 7 and paragraphs IG1, IG14 and IG20B of the *Guidance on implementing IFRS 7* for the purpose of simplification or achieving consistency with other paragraphs in the standard and/or with the concepts and terminology used in other standards. In addition, the amendments clarify that the *Guidance on implementing IFRS 7* does not necessarily illustrate all the requirements in the referenced paragraphs of IFRS 7 nor does it create additional requirements. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 9 *Financial Instruments:* The amendments clarify that when a lessee has determined that a lease liability has been extinguished in accordance with IFRS 9, the lessee is required to apply paragraph 3.3.3 of IFRS 9 and recognise any resulting gain or loss in profit or loss. In addition, the amendments have updated certain wording in paragraph 5.1.3 of IFRS 9 and Appendix A of IFRS 9 to remove potential confusion. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IFRS 10 *Consolidated Financial Statements:* The amendments clarify that the relationship described in paragraph B74 of IFRS 10 is just one example of various relationships that might exist between the investor and other parties acting as de facto agents of the investor, which removes the inconsistency with the requirement in paragraph B73 of IFRS 10. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

- IAS 7 *Statement of Cash Flows:* The amendments replace the term "cost method" with "at cost" in paragraph 37 of IAS 7 following the prior deletion of the definition of "cost method". Earlier application is permitted. The amendments are not expected to have any impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is primarily the manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tanks of air-conditioning or heater units and other non-automobile products. Management monitors the consolidated results for the purpose of making decisions about resources allocation and the Group's performance assessment. Accordingly, no segment analysis is presented.

Geographical information

(a) Revenue from external customers

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,776,674**	1,788,976
Overseas	**70,025**	61,735
Total	**1,846,699**	1,850,711

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2024	2023
	RMB'000	*RMB'000*
Mainland China	**1,518,892**	1,435,967
Overseas	**25,442**	9,048
Total	**1,544,334**	1,445,015

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from operations of approximately RMB517,190,000 (2023: RMB612,852,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2024	2023
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of plastic parts and automotive parts	**1,701,527**	1,699,526
Sales of moulds and tooling	**145,172**	151,185
	1,846,699	1,850,711

Revenue from contracts with customers

(i) Disaggregated revenue information

All the revenue from contracts with customers is derived from the one single segment as defined in note 3. The category of revenue from contracts with customers based on geographical region is the same with the geographical information in note 3(a).

The recognition timing of all the revenue from contracts with customers is the goods transferred at a point in time when control of the asset is transferred to the customer, generally on the use of the industrial products.

The following table shows the amount of revenue recognised in the current reporting period that was included in the contract liabilities at the beginning of the reporting period and recognised from performance obligations satisfied in previous periods:

	2024	2023
	RMB'000	*RMB'000*
Revenue recognised that was included in contact liabilities at the beginning of the reporting period:		
Sale of products	**46,672**	34,881

(ii) ***Performance obligations***

Information about the Group's performance obligations is summarised below:

Sale of products and materials

The performance obligation is satisfied upon use of the products and materials and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

The amounts of transaction prices allocated to the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2024 are RMB46,931,000 (2023: RMB46,672,000), which were expected to be recognised within one year. The amounts disclosed above do not include variable consideration which is constrained.

	2024	2023
	RMB'000	*RMB'000*
Other income		
Government grants*	**16,344**	5,749
Value-added tax preferences	**11,374**	7,954
Net rental income from investment property operating leases, net-fixed payments	**5,014**	5,636
Management fee	**4,664**	4,285
Provision of model modification	**3,820**	—
Compensation income	**2,038**	—
Dividend income from equity investments designated at fair value through other comprehensive income	**1,811**	905
Others	**426**	73
Total other income	**45,491**	24,602
Other gains, net		
Gain on sales of scrap materials	**1,671**	1,304
Foreign exchange gain, net	**—**	1,061
Gain on disposal of items of property, plant and equipment and right-of-use assets	**290**	335
Others	**307**	672
Total gains	**2,268**	3,372
Total other income and gains	**47,759**	27,974

* The government grants mainly represent incentives awarded by the local governments to support the Group's operation. There were no unfulfilled conditions or contingencies attached to these grants.

5. FINANCE INCOME

	2024	2023
	RMB'000	*RMB'000*
Interest income on bank deposits	**1,114**	3,812
Interest income on loans and receivables	**351**	1,182
Total	**1,465**	4,994

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2024	2023
	RMB'000	*RMB'000*
Cost of inventories sold	**1,341,658**	1,349,788
Depreciation of property, plant and equipment	**125,432**	109,142
Depreciation of investment properties	**2,892**	2,891
Amortisation of right-of-use assets	**19,299**	13,626
Amortisation of intangible assets*	**1,739**	1,803
Research and development costs	**108,581**	86,535
Lease payments not included in the measurement of lease liabilities	**8,325**	11,621
Auditors' remuneration	**2,600**	2,570
Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**296,125**	282,124
Pension scheme costs**	**16,534**	15,058
Total	**312,659**	297,182
Impairment losses on financial assets, net		
Impairment of trade receivables, net	**27,120**	36,778
Impairment of other receivables, net	**2,958**	2,286
Total	**30,078**	39,064
Foreign exchange differences, net	**2,869**	(1,061)
Gross rental income	**(13,571)**	(11,422)
Direct expenses for generating rental income	**8,557**	5,786
Rental income, net	**(5,014)**	(5,636)
Gain on disposal of items of property, plant, and equipment and right-of-use assets	**(290)**	(335)
Dividend income from equity investments designated at fair value through other comprehensive income	**(1,811)**	(905)
Government grants	**(16,344)**	(5,749)
Interest income on bank deposits	**(1,114)**	(3,812)

* The amortisation of other intangible assets is included in "Cost of sales" and "Administrative expenses", in the consolidated statements of profit or loss.

** There are no forfeited contributions that may be used by the Group as the employer to reduce the existing level of contributions.

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the year ended 31 December 2024 (2023: Nil).

All of the Group's subsidiaries established in the PRC that have operations only in Mainland China are subject to PRC enterprise income tax ("**EIT**") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws except the entities stated as follows:

Pursuant to the relevant tax rules in the PRC, Chengdu Huazhong, Chongqing Huazhong and Xi'an Huadun are qualified as companies under the development strategy of China western region and were subject to tax at a preferential income tax rate of 15% for the year (2023: 15%).

In 2024, Foshan Huazhong and Qingdao Huazhong were accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2024, 2025 and 2026.

In 2023, Ningbo Huazhong Moulding and Ningbo Hualete were accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2023, 2024 and 2025.

In 2022, Ningbo Huazhong Automotive Decorative Parts, Nanchang Huayue and Changchun Huateng were accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2022, 2023 and 2024.

Ningbo Xinxing, Wuhu Huazhong, Yantai Huaxiang, In-Vehicle Technology, Wenzhou Huazhong, Hefei Huazhong and Changzhou Huazhong are small low-profit enterprises in the year of 2024. The annual taxable income amount shall be computed at a reduced rate of 25% during the year of 2024 and be subject to enterprise income tax at 20% tax rate.

Ningbo Xinxing, Wuhu Huazhong, In-Vehicle Technology, are small low-profit enterprises in the year of 2023. The portion of annual taxable income amount which did not exceed RMB1,000,000 shall be computed at a reduced rate of 25% as taxable income amount during the years of 2023 and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount during the years of 2023, and be subject to enterprise income tax at 20% tax rate.

The major components of income tax expense of the Group are as follows:

	2024	2023
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	**12,337**	13,200
Provision in prior years	**(95)**	1,064
Deferred	**(1,910)**	(5,643)
Total tax charge for the year	**10,332**	8,621

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of 25% for Mainland China in which the majority of the Group's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2024	2023
	RMB'000	*RMB'000*
Profit before tax	**57,578**	57,085
Tax at the statutory tax rate	**14,395**	14,271
Tax rate differences for specific provincial or local tax authority	**(463)**	(174)
Tax losses not recognised	**20,528**	23,560
Profits attributable to a joint venture and an associate	**(6,261)**	(6,516)
Adjustments in respect of current tax of previous periods	**(95)**	1,064
Income not subject to tax	**(712)**	(461)
Expenses not deductible for tax	**2,159**	2,075
Utilisation of tax losses in previous years	**(3,471)**	(7,834)
Additional deduction of Research and development expenses	**(16,489)**	(18,240)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries	**741**	876
Tax charge for the year at the effective rate	**10,332**	8,621
The Group's effective rate	**17.9%**	15.1%

8. DIVIDENDS

	2024	2023
	RMB'000	*RMB'000*
Proposed final – 2024: HK 0.3062 cents (2023: HK 0.2717 cents) per ordinary share	**5,000**	4,360

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements have not reflected this proposed dividend.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,769,193,800 (2023: 1,769,193,800) outstanding during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the share option scheme, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2024 and 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	2024	2023
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculations	**41,909**	38,550

	Numbers of ordinary shares	
	2024	2023
Shares		
Weighted average number of ordinary shares outstanding during the year used in the basic earnings per share calculation	**1,769,193,800**	1,769,193,800

10. TRADE AND NOTES RECEIVABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade receivables	**773,395**	704,864
Notes receivable	**190,378**	145,201
Sub-total	**963,773**	850,065
Impairment of trade receivables	**(86,945)**	(59,825)
	876,828	790,240

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's notes receivable are all aged within six months, for which there was no recent history of default and past due amounts. As at 31 December 2024 and 2023, the loss allowance was assessed to be minimal.

As at 31 December 2024, notes receivable of approximately RMB62,586,000 (2023: RMB77,131,000) were pledged to secure notes payable granted to some major suppliers.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**642,655**	614,357
3 to 6 months	**29,688**	11,028
6 months to 1 year	**12,023**	9,588
Over 1 year	**2,084**	10,066
Total	**686,450**	645,039

Movements in the loss allowance for impairment of trade receivables are as follows:

	2024	2023
	RMB'000	*RMB'000*
At beginning of year	**59,825**	23,047
Impairment losses, net	**27,120**	36,778
At end of year	**86,945**	59,825

The increase in the loss allowance of RMB27,120,000 (2023: RMB36,778,000) as a result of a net increase in the gross carrying amount of trade receivables aged over one year.

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2024

	Gross carrying amount *RMB'000*	**Expected credit loss rate**	**Expected credit loss** *RMB'000*
Defaulted receivables	39,936	100.00%	39,936
Other trade receivables aged			
Current and within 1 year	688,876	0.65%	4,510
Between 1 and 2 years	8,119	74.33%	6,035
Between 2 and 3 years	36,464	100.00%	36,464
Total	773,395	11.24%	86,945

As at 31 December 2023

	Gross carrying amount *RMB'000*	Expected credit loss rate	Expected credit loss *RMB'000*
Defaulted receivables	24,613	100.00%	24,613
Other trade receivables aged			
Current and within 1 year	639,894	0.77%	4,919
Between 1 and 2 years	40,357	75.06%	30,293
Total	704,864	8.49%	59,825

11. TRADE AND NOTES PAYABLES

	2024 *RMB'000*	2023 *RMB'000*
Trade payables	**749,210**	596,598
Notes payable	**467,138**	278,990
Total	**1,216,348**	875,588

An ageing analysis of the trade and notes payables of the Group as at the end of the reporting period, based on the invoice date, is as follows:

	2024	2023
	RMB'000	*RMB'000*
Within 3 months	**825,536**	650,703
3 to 12 months	**378,355**	207,850
1 to 2 years	**5,227**	6,318
2 to 3 years	**3,518**	10,717
Over 3 years	**3,712**	–
Total	**1,216,348**	875,588

The trade payables are non-interest-bearing and normally settled on terms of 30 to 90 days. The maturity of the notes payable is within six months.

Certain notes payables were secured by pledged deposits of the Group with a carrying value of RMB48,717,000 as at 31 December 2024 (2023: RMB18,811,000) and notes receivable with a carrying value of RMB62,586,000 as at 31 December 2024 (2023: RMB77,131,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During 2024, the automobile industry production and sales level had increased slightly. According to the statistics from China Association of Automobile Manufacturers, over 31.28 million vehicles were manufactured and over 31.43 million vehicles were sold in 2024, representing an increase of approximately 3.7% and approximately 4.5%, respectively, from the previous year. In terms of sales and manufacturing volumes, China has again ranked number one in the world for another year.

As a tier-one supplier with scalable production capacity and strong research and development (the "**R&D**") capability, the Group has established long-term business relationships with the leading players in the market. The solid partnership with industry leaders has provided a strong foothold for the Group to capture the growth of the automobile industry.

BUSINESS REVIEW

The Group offers one-stop solutions to its customers, from the design and manufacture of moulds and tooling for mass production of specific products to the development and manufacture of new products which meet its customers' functional requirements and specifications.

The Group offers a wide range of automobile body parts, including internal and external structural and decorative parts (such as front/rear bumper, front-end carrier, dashboard, ABCD-pillars, air inlet grille and rocker panel), air conditioning unit casings and liquid tanks through our subsidiaries and jointly controlled entities.

The Group also produces moulds and tooling for our manufacturing arm, with the ability to produce moulds and tooling for complex or large-size automobile body parts such as bumper and front-end carrier. Apart from automobile-related products, the Group also manufactures other products such as top cowl cover for engine of motorboat and office chair parts.

During the Year, the Group faced with continuously increasing production costs. As such, the Group rigorously enforced the implementation of cost controls, improved staff quality and strengthened administrative efficiency internally. Externally, the Group strived to fortify the long-term cooperation with customers, develop new market opportunities, maintain sound business operation capability, consolidate the Group's resources and improve market competitiveness. These actions successfully helped the Group in achieving the annual targets, and laid the foundation for its sustainable operation in the future.

For the Year, the Group's revenue was approximately RMB1,846.70 million, representing a decrease of approximately 0.2% as compared to approximately RMB1,850.71 million in 2023. Profit attributable to the owners of the parent for the Year was approximately RMB41.91 million, representing a increase of approximately 8.7% as compared to approximately RMB38.55 million in 2023.

OPERATIONS ANALYSIS

The Board believes that the Group's achievements are attributable to the following aspects:

- The Group provides one-stop product development and manufacturing solutions to customers. This vertically integrated service has enabled the Group to improve production efficiency, shorten the roll-out time for new products, stringently control production cost and quality throughout the whole production process and strengthen its business relationships with customers.

- The Group has strong R&D capacity to develop new products with customers simultaneously. This enables the Group to establish close relationships with its major customers and deepen its understanding of the customers' needs.

- The Group established production bases that are located close to the production bases of most of the key automakers in China. The geographic proximity advantage enables the Group to provide services to its customers in a timely manner, strengthen its relationships with these customers and reduce transportation costs, and thereby further enhancing its competitiveness.

- The Group maintains long-term business relationships with both domestic and multinational automakers, while rigorously engaging new customers.

- The Group is equipped with strong production capabilities and refined manufacturing technology. The Group has adopted the most advanced technologies and production equipment in this industry.

- The Group has an experienced management team with deep knowledge and understanding of the automobile body parts industry.

- The Group monitors its product quality in a stringent manner. It implements sophisticated quality monitoring procedures to select and examine raw materials, semi-finished and finished products to ensure a high standard of quality.

FINANCIAL REVIEW

Revenue

The revenue of the Group was primarily derived from five categories of products:

(i) automotive interior and exterior structural and decorative parts;

(ii) moulds and tooling;

(iii) casings and liquid tanks of air conditioners and heaters;

(iv) non-automobile products; and

(v) sale of raw materials.

	2024		2023	
		Gross profit		Gross profit
	Revenue	**Margin**	Revenue	Margin
	RMB'000	***%***	*RMB'000*	*%*
Automotive interior and exterior structural and decorative parts	**1,476,310**	**29.1**	1,499,149	28.3
Moulds and tooling	**145,172**	**20.1**	151,185	17.6
Casings and liquid tanks of air conditioners and heaters	**135,272**	**16.9**	112,223	23.5
Non-automobile products	**43,277**	**34.8**	47,466	43.7
Sale of raw materials	**46,668**	**17.2**	40,688	6.3
Total	**1,846,699**	**27.3**	1,850,711	27.1

For the Year, the total revenue generated from automotive interior and exterior structural and decorative parts was approximately RMB1,476,310,000 (2023: approximately RMB1,499,149,000), accounting for approximately 79.9% of the Group's total revenue for the Year (2023: approximately 81.0%). Gross profit margin increase from approximately 28.3% in 2023 to approximately 29.1% in 2024.

For the Year, revenue from moulds and tooling was approximately RMB145,172,000 (2023: approximately RMB151,185,000), accounting for approximately 7.9% of the Group's total revenue for the Year (2023: approximately 8.2%). Gross profit margin increase from 17.6% in 2023 to 20.1% in the Year.

For the Year, revenue from casings and liquid tanks of air conditioners and heaters was approximately RMB135,272,000 (2023: approximately RMB112,223,000), accounting for approximately 7.3% of the Group's total revenue for the Year (2023: approximately 6.1%). Gross profit margin decrease from 23.5% in 2023 to 16.9% in the Year.

For the Year, revenue from non-automobile products was approximately RMB43,277,000 (2023: approximately RMB47,466,000), accounting for approximately 2.3% of the Group's total revenue for the Year (2023: approximately 2.6%). Gross profit margin decreased from approximately 43.7% in 2023 to approximately 34.8% in the Year.

For the Year, revenue from sale of raw materials was approximately RMB46,668,000 (2023: approximately RMB40,688,000), accounting for approximately 2.5% of the Group's total revenue for the Year (2023: approximately 2.2%). Gross profit margin increased to approximately 17.2% (2023: approximately 6.3%) during the Year.

Other Income and Gains

Other income and gains of the Group for the Year amounted to approximately RMB47,759,000 (2023: approximately RMB27,974,000), representing a increase of approximately 70.7% from last year. The increase in other income was mainly attributable to a increase in government grants and value-add tax preferences.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Year amounted to approximately RMB129,273,000 (2023: approximately RMB127,557,000). The proportion of selling and distribution expenses in sales revenue for the Year was approximately 7.0% (2023: approximately 6.9%).

Administrative Expenses

The Group's administrative expenses for the Year amounted to approximately RMB334,153,000, representing an increase of approximately 9.7% as compared to approximately RMB304,716,000 in 2023.

Share of Profits of a Joint Venture and an Associate

During the Year, the Group recorded approximately RMB25,043,000 of the share of profits of a joint venture as well as RMB611,000 of the share of loss of an associate, as compared to the share of profits of approximately RMB26,064,000 for 2023.

Finance Income

The Group's finance income decreased by approximately 70.7% from approximately RMB4,994,000 in 2023 to approximately RMB1,465,000 in the Year.

Finance Costs

The Group's finance costs decreased from approximately RMB23,748,000 in 2023 to approximately RMB22,191,000 in the Year, representing a decrease of approximately 6.6%, which was attributable to a decrease of borrowing interest rate during the Year.

Taxes

The Group's tax expenses increased by approximately 19.8% from approximately RMB8,621,000 in 2023 to approximately RMB10,332,000 in the Year.

Liquidity and Financial Resources

For the Year, the net cash generated from operating activities was approximately RMB355,544,000 (2023: approximately RMB190,905,000). The cash generated from operating activities was mainly from the profits during the Year.

The net cash used in investing activities was approximately RMB272,486,000 (2023: net cash used approximately RMB174,880,000). The net cash used in financing activities was approximately RMB33,835,000 (2023: net cash used approximately RMB19,280,000). The net cash used in investing activities was mainly used for procurement of fixed assets. The net cash used in financing activities was mainly used for repayment of bank loans.

As a result of the above-mentioned comprehensive factors, the net cash inflow of the Group was approximately RMB51,945,000 (2023: net cash outflow of approximately RMB3,255,000).

As at 31 December 2024, the cash and cash equivalents of the Group (including cash and bank deposits) was approximately RMB161,143,000 (31 December 2023: approximately RMB112,219,000).

As at 31 December 2024, the interest-bearing bank borrowings of the Group were approximately RMB583,221,000 (31 December 2023: approximately RMB593,001,000). All the interest-bearing bank borrowings were borrowed in RMB, and approximately RMB242,421,000 were due within one year. Most of the bank borrowings were borrowed at fixed interest rate.

The Board expects that the bank loans would either be settled by fund from internal resources or rolled over as it was due. All principal banks will continue to provide fund to the Group for its business operation.

Capital Commitments

As at 31 December 2024, the Group had capital commitments amounting to approximately RMB118,475,000 (31 December 2023: approximately RMB61,856,000) mainly including commitment for purchasing property, plant, and equipment.

Foreign Exchange Exposure

The sales and purchases of the Group were mainly denominated in RMB. The cash and cash equivalents of the Group were mainly denominated in RMB and Hong Kong dollars. The borrowings are denominated in RMB. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to the Group.

Capital Structure

The total number of issued and fully paid ordinary shares of the Company as at 31 December 2024 was 1,769,193,800.

Contingent Liabilities

As at 31 December 2024, the Group had no significant contingent liabilities (31 December 2023: Nil).

Pledge of Assets

As at 31 December 2024, the Group's assets of approximately RMB103,418,000 (2023: approximately RMB105,966,000) were pledged to secure some of the Group's interest-bearing bank borrowings. The book value of the pledged assets is set out below:

	2024	2023
	RMB'000	*RMB'000*
Property, plant and equipment	**34,624**	30,868
Leasehold land	**38,794**	39,818
Pledged deposits	**30,000**	35,280
Total	**103,418**	105,966

As at 31 December 2024, pledged deposits with a carrying value of RMB30,000,000 (2023: RMB35,280,000) were pledged to secure the bank loans granted to the Group.

Certain notes payables were secured by pledged deposits of the Group with a carrying value of RMB48,717,000 as at 31 December 2024 (2023: RMB18,811,000) and notes receivables with a carrying value of RMB62,586,000 as at 31 December 2024 (2023: RMB77,131,000).

Gearing Ratio

As at 31 December 2024, the Group's gearing ratio was approximately 58.8%, representing a increase of about 4.5% as compared with the gearing ratio of approximately 54.3% as at 31 December 2023. The gearing ratio is derived by dividing net liabilities (including interest-bearing bank borrowings, trade and notes payables, other payables and accruals, and payables to related parties and the ultimate controlling shareholder less cash and cash equivalents) by total capital (including equity attributable to owners of the parent company) plus net liabilities at the end of the respective years.

Employees and Remuneration Policies

The Group had a total of 3,519 (2023: 3,025) employees as at 31 December 2024. Total staff costs of the Group (excluding the Directors' and chief executive's remuneration) for the Year was approximately RMB312,659,000 (2023: approximately RMB297,182,000). The increase in staff cost was mainly attributable to the increase in average salary of employees. The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. Share options would be granted to certain eligible persons with outstanding performance and contributions to the Group.

Events after the Year

On 20 February 2025, Ningbo Huazhong Automotive Decorative Parts Technology Co., a wholly-owned subsidiary of the Company, and the Roekona Textilwerk GmbH & Co. KG, entered into the share purchase agreement (the "Share Purchase Agreement"), pursuant to which, the Ningbo Huazhong Automotive Decorative Parts Technology Co., agreed to purchase, and the Roekona Textilwerk GmbH & Co. KG, agreed to sell, the Target Equity Interest, representing 15% of the entire issued share capital of the Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd.* (寧波華樂特汽車裝飾布有限公司), for a total consideration of EUR4,500,000 (equivalent to approximately RMB34,290,000) (the "**Acquisition**").

As at the date of the Share Purchase Agreement, the Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd.* (寧波華樂特汽車裝飾布有限公司), was an indirect non wholly-owned subsidiary of the Company and was owned as to 65% by the Ningbo Huazhong Automotive Decorative Parts Technology Co., 25% by the Roekona Textilwerk GmbH & Co. KG, and 10% by ZwissTex Germany GmbH. Upon completion of the Acquisition, the Ningbo Roekona-Zoeppritex-Tex-Line Co., Ltd.* (寧波華樂特汽車裝飾布有限公司), is held as to 80% and 10% of the total equity interest, respectively, by the Ningbo Huazhong Automotive Decorative Parts Technology Co., and the Roekona Textilwerk GmbH & Co. KG,.

Please refer to the announcement of the Company dated 20 February 2025 for further details.

PROSPECT

From January to December in 2024, the manufacturing and sales volumes of automobiles in China reached 13.89 million and 14.05 million, respectively, with a year-on-year increase of 4.9% and 6.1%, among of which, the manufacturing and sales volumes of new energy automobiles reached 4.93 million and 4.94 million, respectively, with a year-on-year increase of 30.1% and 32.0%, accounted for 35.2% of the market share. China Association of Automobile Manufacturers expects that the total sales volume of new energy vehicles in China will reach 11.5 million in 2024, representing a growth of about 20% as compared with last year.

The Group will actively facilitate its work regarding the deployment of aspects including customers, products and manufacturing to promote overall development. Firstly, we will continue to strive for expanding our cooperation with traditional automotive brands. As we pursue top quality craftsmanship and innovative manufacturing constantly, we will also endeavor to extend the scope of cooperation from traditional automotives to new energy automotives and aim to develop new lightweight products made of new and high-performance plastics together, in substitution for metal automotive parts. Secondly, we will continue to improve our deployment in the new energy market and strengthen our connection with new energy automotive brands. We have successful exploration in the new energy market and has worked with industry leaders in the past. We will fight for more orders and customers on that basis and seek to expand economies of scale. Lastly, we will strengthen our manufacturing deployment comprehensively. We plan to set up new manufacturing facilities in Mexico in order to achieve global business development and compete for orders from overseas manufacturers.

During the coming year, Huazhong In-Vehicle will focus on the improvement of its product mix, to better meet the demand of its automotive brand customers and enhance the cooperation with its customers. We will continue to increase the utilisation rate of our production capacity to maximise the efficiency of mass production; meanwhile, we will strengthen our management on business expenses and take revenue generating and cost control measure, striving for remarkable results of profits during the recovery of the industry.

Forward Looking Statements

This management discussion and analysis contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company's expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers including shareholders and investors should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward looking statement.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code of the Company.

The Board is of the view that the Company complied with all applicable code provisions set out in the CG Code throughout the Year, except for the following deviation:

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. With the support of the company secretary of the Company, the chairman of the Board (the "**Chairman**") seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

Since Mr. Zhou Minfeng now serves as both the Chairman and the chief executive of the Company (the "**Chief Executive**"), such practice deviates from code provision C.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive in the same person can facilitate the effective execution of the Group's business strategies and operation. Furthermore, there are various experienced individuals in charge of the daily business operation in the Group and the Board comprises 2 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors, with a balance of skill and experience appropriate for the Group's further development. The Board will review such deviation from time to time to enhance the best interest of the Group as a whole.

A full description of the Company's corporate governance will be set out in the 2024 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by all the Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the Year, they were in compliance with the required provisions set out in the Model Code. All of the Directors declared that they complied with the required standards of dealings as set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.2826 cent (equivalent to HK0.3062 cent at exchange rate of HK$1 equals to RMB0.9229) per ordinary share for the Year (2023: RMB0.2464 cent per share (equivalent to HK0.2717 cent per share at an exchange rate of HK$1 equals to RMB0.9071)). The payment of dividends shall be subject to the approval of the Shareholders of the Company at the forthcoming annual general meeting of the Company (the "**AGM**") which will be held on 3 June 2025. The proposed final dividend is expected to be paid on or before 11 July 2025. During the Year, no interim dividend was declared.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' right to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Wednesday, 28 May 2025 to Tuesday, 3 June 2025 (both days inclusive), during which period no transfer of shares in the Company will be registered. The holders of shares whose names appear on the register of members of the Company on Tuesday, 3 June 2025 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited (the "**Branch Share Registrar**"), at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Tuesday, 27 May 2025.

In addition, for the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 11 June 2025 to Friday, 13 June 2025 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 10 June 2025.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three members, namely Mr. Wong Luen Cheung Andrew (chairman), Mr. Wang Dongchen and Mr. Xu Jiali, all of them are the independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group.

Disclosure of financial information in this announcement complies with Appendix D2 of the Listing Rules. The Audit Committee has provided supervision over the Group's financial reporting process. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the auditing and financial reporting matters, including the review of the annual results of the Group for the Year. The Audit Committee has reviewed the annual results of the Group for the Year and is of the view that the announcement of annual results for the Year is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position, and the related notes thereto for the Year have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this preliminary results announcement.

APPRECIATION

The chairman of the Board would like to take this opportunity to thank his fellow Directors for their invaluable advices and guidance, and to each and everyone of the staff of the Group for their hard work and loyalty to the Group.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.cn-huazhong.com). The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

CHANGE IN COMPOSITION OF NOMINATION COMMITTEE

The Board hereby announces that with effect from 28 March 2025, Mr. Zhou Minfeng would cease to be a chairman of the nomination committee of the Company (the "**Nomination Committee**"). Mr. Wang Dongchen, an independent non-executive Director, has been appointed as a chairman of the Nomination Committee with effect from 28 March 2025 and Ms. Lai Cairong, a non-executive Director, has been appointed as a member of the Nomination Committee with effect from 28 March 2025. Following the above changes, the Nomination Committee comprises three members, namely Mr. Wang Dongchen (chairman), Ms. Lai Cairong and Mr. Xu Jiali.

By order of the Board
Huazhong In-Vehicle Holdings Company Limited
Zhou Minfeng
Chairman and Chief Executive

Hong Kong, 28 March 2025

As at the date of this announcement, the executive Directors are Mr. Zhou Minfeng and Mr. Liu Genyu; the non-executive Directors are Ms. Lai Cairong, Mr. Guan Xin and Mr. Yu Zhuoping; and the independent non-executive Directors are Mr. Wong Luen Cheung Andrew, Mr. Wang Dongchen and Mr. Xu Jiali.