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HARMONY AUTO

**和諧汽車**

**China Harmony Auto Holding Limited**

**中國和諧汽車控股有限公司**

*(Incorporated in the Cayman Islands with limited liability)*

**(Stock Code: 03836)**

**ANNUAL RESULTS ANNOUNCEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2024**

**RESULTS HIGHLIGHTS:**

- For the year ended 31 December 2024, revenue of the Group amounted to approximately RMB15,617.4 million, representing a decrease of approximately RMB961.8 million or approximately 5.8% as compared with that in the same period of 2023. Among them, revenue from Hong Kong and overseas operations amounted to approximately RMB1,788.5 million, representing an increase of around 108.7 times as compared with the revenue for the same period in 2023.
- For the year ended 31 December 2024, the Group recorded a sales volume of new vehicles of 40,247 units, representing a year-on-year increase of 4.6%. The sales volume from Hong Kong and overseas operations contributed 6,974 units to this total, representing an increase of around 95.9 times as compared with the sales volume for the same period in 2023.
- For the year ended 31 December 2024, gross profit of the Group amounted to approximately RMB699.7 million.
- For the year ended 31 December 2024, net loss of the Group amounted to approximately RMB285.7 million. Excluding the impact of non-recurring losses, the Group's adjusted loss for the year would be RMB146.1 million. Among them, net loss from Hong Kong and overseas operations amounted to approximately RMB194.8 million.
- For the year ended 31 December 2024, basic and diluted loss per share attributable to owners of the Company were RMB0.20 and RMB0.20, respectively.

## ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Harmony Auto Holding Limited (the “**Company**”) hereby announces the consolidated annual results of the Company and its subsidiaries (collectively, the “**Group**”) for the year ended 31 December 2024 (the “**Reporting Period**”). The consolidated annual results have been reviewed by the audit committee (the “**Audit Committee**”) of the Company. This annual results announcement is prepared on the basis of the audited financial results of the Group for the year ended 31 December 2024 and contains the audited consolidated financial statements of the Group for the year ended 31 December 2024.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2024

		2024	2023
	Notes	RMB'000	RMB'000
<b>REVENUE</b>	5	<b>15,617,447</b>	16,579,232
Cost of sales and services		<u>(14,917,715)</u>	<u>(15,615,198)</u>
<b>GROSS PROFIT</b>		<b>699,732</b>	964,034
Other income and gains, net	6	<b>572,174</b>	411,948
Impairment loss on advances to and interest receivable from Independent Aftersales Company (“ <b>IAC</b> ”)		<b>(139,585)</b>	(218,201)
Selling and distribution expenses		<b>(899,297)</b>	(857,770)
Administrative expenses		<u><b>(372,592)</b></u>	<u>(337,641)</u>
<b>OPERATING LOSS</b>		<b>(139,568)</b>	(37,630)
Finance costs	7	<b>(174,573)</b>	(132,036)
Share of losses of joint ventures		<b>(3)</b>	(5,629)
Share of losses of associates		<u><b>(3)</b></u>	<u>(3,084)</u>
<b>LOSS BEFORE TAX</b>		<b>(314,147)</b>	(178,379)
Income tax credit/(expense)	8	<u><b>28,412</b></u>	<u>(63,145)</u>
<b>LOSS FOR THE YEAR</b>	9	<u><u><b>(285,735)</b></u></u>	<u><u>(241,524)</u></u>

	<i>Notes</i>	<b>2024</b> <b>RMB'000</b>	2023 RMB'000
<b>Other comprehensive loss after tax:</b>			
<i>Items that will not be reclassified to profit or loss:</i>			
Fair value changes of financial assets at fair value through other comprehensive income		<b>(45,000)</b>	—
<i>Items that are or may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(12,976)</u>	<u>(27,314)</u>
<b>Other comprehensive loss for the year, net of tax</b>		<u>(57,976)</u>	<u>(27,314)</u>
<b>Total comprehensive loss for the year</b>		<u><b>(343,711)</b></u>	<u><b>(268,838)</b></u>
<b>(Loss)/profit for the year attributable to:</b>			
Owners of the Company		<b>(291,070)</b>	(252,194)
Non-controlling interests		<u>5,335</u>	<u>10,670</u>
		<u><b>(285,735)</b></u>	<u><b>(241,524)</b></u>
<b>Total comprehensive (loss)/income for the year attributable to:</b>			
Owners of the Company		<b>(349,046)</b>	(279,508)
Non-controlling interests		<u>5,335</u>	<u>10,670</u>
		<u><b>(343,711)</b></u>	<u><b>(268,838)</b></u>
<b>Loss per share attributable to owners of the Company</b>			
Basic (RMB)	10	<u><b>(0.20)</b></u>	<u>(0.17)</u>
Diluted (RMB)		<u><b>(0.20)</b></u>	<u>(0.17)</u>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

*AS AT 31 DECEMBER 2024*

	<i>Notes</i>	<b>2024</b>	2023
		<b>RMB'000</b>	<b>RMB'000</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		<b>3,266,348</b>	2,858,226
Right-of-use assets		<b>1,265,128</b>	839,112
Intangible assets		<b>136,196</b>	141,603
Goodwill		<b>195,778</b>	149,993
Prepayments and other assets		<b>7,392</b>	142,685
Finance lease receivables		<b>184,038</b>	233,005
Investments in joint ventures		<b>2,140</b>	2,143
Investments in associates		<b>—</b>	3
Financial assets at fair value through other comprehensive income		<b>31,669</b>	45,000
Deferred tax assets		<b>135,141</b>	87,177
		<hr/>	<hr/>
Total non-current assets		<b>5,223,830</b>	4,498,947
<b>CURRENT ASSETS</b>			
Finance lease receivables		<b>174,280</b>	209,774
Inventories	11	<b>1,921,892</b>	1,479,678
Trade receivables	12	<b>285,972</b>	253,424
Prepayments, other receivables and other assets		<b>3,203,840</b>	2,829,103
Financial assets at fair value through profit or loss (“FVPL”)		<b>2,957</b>	—
Pledged and restricted bank deposits		<b>313,845</b>	498,791
Cash in transit		<b>12,715</b>	17,256
Cash and bank balances		<b>1,107,974</b>	1,048,193
		<hr/>	<hr/>
Total current assets		<b>7,023,475</b>	6,336,219

	<i>Notes</i>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<b>CURRENT LIABILITIES</b>			
Bank loans and other borrowings		<b>3,418,985</b>	2,181,545
Trade and bills payables	13	<b>855,245</b>	1,029,908
Contract liabilities		<b>879,282</b>	504,522
Other payables and accruals		<b>444,559</b>	384,704
Lease liabilities		<b>195,251</b>	125,572
Income tax payable		<b>10,435</b>	81,871
		<hr/>	<hr/>
Total current liabilities		<b>5,803,757</b>	4,308,122
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>1,219,718</b>	2,028,097
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,443,548</b>	6,527,044
		<hr/>	<hr/>
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>1,128,522</b>	806,261
Deferred tax liabilities		<b>61,790</b>	55,616
		<hr/>	<hr/>
Total non-current liabilities		<b>1,190,312</b>	861,877
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>5,253,236</b>	5,665,167
		<hr/> <hr/>	<hr/> <hr/>
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital		<b>12,083</b>	12,097
Reserves		<b>5,161,643</b>	5,560,202
		<hr/>	<hr/>
		<b>5,173,726</b>	5,572,299
Non-controlling interests		<b>79,510</b>	92,868
		<hr/>	<hr/>
<b>TOTAL EQUITY</b>		<b>5,253,236</b>	5,665,167
		<hr/> <hr/>	<hr/> <hr/>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## 1. GENERAL AND GROUP INFORMATION

China Harmony Auto Holding Limited (the “**Company**”) was incorporated on 24 September 2012 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The current registered address of the Company is Vistra (Cayman) Limited, P.O. Box 31119, Grand Pavilion, Hibiscus Way, 802 West Bay Road, Grand Cayman, KY1-1205, Cayman Islands. The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 June 2013 (the “**Listing**”).

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the “**Group**”) were principally engaged in the sale of automobiles and provision of after-sales services in the People’s Republic of China (the “**PRC**”) and certain overseas countries and regions.

In the opinion of the directors of the Company (the “**Directors**”), the ultimate holding company of the Company is Cititrust Private Trust (Cayman) Limited, which is incorporated in the Cayman Islands. Eagle Seeker Company Limited is wholly owned by Eagle Pioneer Company Limited. Accordingly, Eagle Pioneer Company Limited is deemed to have interest in the shares held by Eagle Seeker Company Limited. Eagle Pioneer Company Limited is wholly owned by Cititrust Private Trust (Cayman) Limited. Accordingly, Cititrust Private Trust (Cayman) Limited is deemed to have interest indirectly through Eagle Seeker Company Limited, in the shares held by Mr. Feng Changge (the Chairman and executive director of the Company, and the controlling shareholder of the Company, the “**Controlling Shareholder**”), who is the founder of the trust of Cititrust Private Trust (Cayman) Limited.

## **2. MATERIAL ACCOUNTING POLICIES**

### **2.1 STATEMENT OF COMPLIANCE**

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) and the disclosure requirements of the Hong Kong Companies Ordinance Cap. 622. These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange.

The HKICPA has issued certain amendments to HKFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 3 provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these consolidated financial statements.

### **2.2 BASIS OF PREPARATION**

The consolidated financial statements for the year ended 31 December 2024 comprise the company and its subsidiaries (together referred to as the “**Group**”) and the Group’s interest in associates and joint ventures.

The measurement basis used in the preparation of the consolidated financial statements is the historical cost basis except certain financial assets which are measured at fair value.

The preparation of the consolidated financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### **3. ADOPTION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS**

#### **(i) Changes in accounting policies**

The Group has applied the following amendments to HKFRSs issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 1, Presentation of financial statements — Classification of liabilities as current or non-current and amendments to HKAS 1, Presentation of financial statements — Non-current liabilities with covenants
- Amendments to HKFRS 16, Leases — Lease liability in a sale and leaseback
- Amendments to HKAS 7, Statement of cash flows and HKFRS 7, Financial instruments: Disclosures — Supplier finance arrangements
- Hong Kong Interpretation 5 (Revised), Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause

The adoption of new or amended HKFRSs has no material impact on the Group's results, financial position and accounting policies.

#### **(ii) Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024**

Up to the date of issue of these consolidated financial statements, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.



	<b>Effective for accounting periods beginning on or after</b>
Amendments to HKAS 21, The effects of changes in foreign exchange rates — Lack of exchangeability	1 January 2025
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Annual improvements to HKFRSs — Volume 11	1 January 2026
HKFRS 18, Presentation and disclosure in financial statements	1 January 2027
HKFRS 19, Subsidiaries without public accountability: disclosures	1 January 2027
Amendments to HK-Int 5, Presentation of financial statements — Classification by the borrower of a term loan that contains a repayment on demand clause	1 January 2027
Amendments to HKFRS 10 and HKAS 28, Sale or contribution of assets between an investor and its associate or joint venture	To be determined

The directors of the Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

#### 4. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale of automobiles and provision of after-sales services. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services. No operating segments have been aggregated to form the above reportable operating segment.

##### Information about geographical area

The following table sets out information about the geographical location of (i) the Group's revenue from external customers and (ii) the Group's non-current assets.

The geographical location of customers is based on the location where the goods were delivered or services were provided, while the geographical location of non-current assets is based on the physical location of the assets.

	Revenues from external customers		Non-current assets	
	2024	2023	2024	2023
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	<b>13,828,956</b>	16,562,908	<b>4,075,953</b>	4,335,351
Hong Kong and Overseas	<b>1,788,491</b>	16,324	<b>1,147,877</b>	163,596
	<b><u>15,617,447</u></b>	<b><u>16,579,232</u></b>	<b><u>5,223,830</u></b>	<b><u>4,498,947</u></b>

##### Information about major customers

For the years ended 31 December 2024 and 2023, no revenue derived from transactions with a single customer represent 10% or more of the Group's total revenue.

## 5. REVENUE

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
<i>Revenue from contracts with customers</i>		
— Revenue from the sale of automobiles and others	<b>13,373,660</b>	14,209,334
— Provision of after-sales services	<b>2,200,713</b>	2,319,816
<i>Revenue from other sources</i>		
— Finance leasing services	<b>43,074</b>	50,082
	<b><u>15,617,447</u></b>	<b><u>16,579,232</u></b>

### Disaggregation of revenue from contracts with customers:

<b>Type of goods or services</b>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Sale of automobiles and others	<b>13,373,660</b>	14,209,334
Provision of after-sales services	<b>2,200,713</b>	2,319,816
Total revenue from contracts with customers	<b><u>15,574,373</u></b>	<b><u>16,529,150</u></b>

<b>Timing of revenue recognition</b>	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Goods received by the customer at a point in time	<b>13,373,660</b>	14,209,334
Services rendered at a point in time	<b>2,200,713</b>	2,319,816
Total revenue from contracts with customers	<b><u>15,574,373</u></b>	<b><u>16,529,150</u></b>

The following table shows the amounts of revenue recognised in the current reporting period that were included in the contract liabilities at the beginning of the reporting period:

	<b>2024</b>	2023
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of automobiles and others	<b>416,074</b>	515,643
Provision of after-sales services	<b>87,126</b>	20,764
	<b><u>503,200</u></b>	<b><u>536,407</u></b>

### **Performance obligations**

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

#### ***Sale of automobiles and others***

The performance obligation is satisfied upon receipt of goods by the customer and payment in advance is normally required.

#### ***Provision of after-sales services***

The performance obligation is satisfied upon the services are rendered and the payment is generally settled when the services are rendered.

## 6. OTHER INCOME AND GAINS, NET

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Commission income	472,772	431,628
Interest income from advances to IAC	33,339	32,293
Advertisement support received from motor vehicle manufacturers	28,143	23,608
Interest income from loans to third parties	2,668	13,500
Bank interest income	14,518	21,230
Government grants ( <i>note</i> )	3,469	5,937
Rental income	3,844	1,930
Written off of property, plant and equipment	(9,318)	(109,929)
Impairment loss on prepayment	—	(85,000)
(Loss)/gain on disposals of property, plant and equipment	(16,026)	1,283
Foreign exchange loss	(3,732)	(1,254)
Penalty income	1,083	12,336
Sale of second hand automobiles and others	34,892	45,197
Fair value loss from financial assets at FVPL	(909)	—
Others	7,431	19,189
	<u>572,174</u>	<u>411,948</u>

*Note:*

Government grants include various subsidies received by the Company's subsidiaries from relevant government bodies. There are no unfulfilled conditions or contingencies related to these grants.

## 7. FINANCE COSTS

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Interest on bank loans and other borrowings	114,593	84,461
Leases interests	62,706	49,738
	<u>177,299</u>	<u>134,199</u>
Less: Interest capitalised	(2,726)	(2,163)
	<u>174,573</u>	<u>132,036</u>

## 8. INCOME TAX (CREDIT)/EXPENSE

	2024 <i>RMB'000</i>	2023 <i>RMB'000</i>
Current Mainland China corporate income tax		
Provision for the year	11,435	69,637
Current tax — Overseas		
Provision for the year	1,943	—
Deferred tax	<u>(41,790)</u>	<u>(6,492)</u>
Income tax (credit)/expense	<u><u>(28,412)</u></u>	<u><u>63,145</u></u>

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate for Mainland China subsidiaries is 25% (2023: 25%).

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries of the Group incorporated in the British Virgin Islands (“BVI”) are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries of the Group incorporated in Hong Kong are subject to Hong Kong Profits Tax. For the years ended 31 December 2024 and 2023, one designated subsidiary of the Group incorporated in Hong Kong is eligible for the two-tiered profits tax rates regime, under which the first HK\$2,000,000 of estimated assessable profits is taxed at 8.25%, and the remaining estimated assessable profits are taxed at the standard rate of 16.5%. No provision for Hong Kong Profits Tax has been made for the year ended 31 December 2024 as the Group did not generate any assessable profit arising in Hong Kong during the year (2023: Nil).

The subsidiaries of the Group incorporated in other jurisdictions are subject to income tax in accordance with the relevant tax laws and regulations of the respective countries. Provision for income tax has been calculated based on the estimated taxable profits arising in those jurisdictions for the years ended 31 December 2024 and 2023, where applicable.

## 9. LOSS FOR THE YEAR

The Group's loss for the year is stated after charging/(crediting) the following:

	<b>2024</b>	2023
	<b>RMB'000</b>	RMB'000
<b>(a) Staff costs including directors' emoluments</b>		
Wages and salaries	<b>441,705</b>	382,062
Contributions to defined contribution retirement plan and other defined benefit plans	<b>50,929</b>	41,746
Other welfare	<b>22,614</b>	22,431
	<u><b>515,248</b></u>	<u>446,239</u>
<b>(b) Other items</b>		
Amortisation cost of intangible assets	<b>7,487</b>	6,054
Auditor's remuneration		
— Audit services	<b>4,000</b>	5,200
— Non-audit services	<b>300</b>	200
Bank charges	<b>8,463</b>	4,763
Cost of sales and services:		
Cost of sales of automobiles	<b>13,456,049</b>	14,177,934
Cost of aftersales services ( <i>note i</i> )	<b>1,461,666</b>	1,437,264
	<u><b>14,917,715</b></u>	<u>15,615,198</u>
Depreciation charge of property, plant and equipment	<b>210,057</b>	224,655
Depreciation charge of right-of-use assets	<b>192,231</b>	121,066
Impairment loss on advances to and interest receivable from Independent Aftersales Company	<b>139,585</b>	218,201

- (i) The employee benefit expenses of RMB167,761,000 (2023: RMB142,382,000) were included in the cost of aftersales services.

## 10. LOSS PER SHARE

The calculation of the basic loss per share attributable to ordinary equity holders of the parent is based on the loss for the year attributable to the owners of the company and the weighted average number of ordinary shares in issue during the year. The number of shares for the current year has been arrived at after eliminating the restricted shares of the Company held under the share award scheme.

Diluted loss per share were the same as the basic loss per share for the years ended 31 December 2024 and 2023 as the share award scheme and share option scheme of the Company have an anti-dilutive effect on the basic loss per share and are ignored in the calculation of diluted loss per share.

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	<b><u>291,070</u></b>	<u>252,194</u>
<b>Number of shares:</b>		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<b><u>1,486,521,962</u></b>	<u>1,488,748,157</u>



## 11. INVENTORIES

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Automobiles	<b>1,710,662</b>	1,291,892
Spare parts and accessories	<b>211,230</b>	187,786
	<b><u>1,921,892</u></b>	<b><u>1,479,678</u></b>

The analysis of the amount of inventories recognised as an expense and included in profit or loss is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Carrying amount of inventories sold	<b>14,687,699</b>	14,235,674
Write down of inventories	<b>10,323</b>	—
	<b><u>14,698,022</u></b>	<b><u>14,235,674</u></b>

The write-down of inventories made in the year and prior years arose due to a decrease in the estimated net realisable value of certain automobiles as a result of a change in consumer preferences.

At 31 December 2024, certain of the Group's inventories with an aggregate carrying amount of approximately RMB799,406,000 (2023: RMB454,519,000) were pledged as security for the Group's bank loans and other borrowings.

At 31 December 2024, certain of the Group's inventories with an aggregate carrying amount of approximately RMB125,167,000 (2023: RMB257,184,000) were pledged as security for the Group's bills payables.

## 12. TRADE RECEIVABLES

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade receivables	<b><u>285,972</u></b>	<u>253,424</u>

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 the trade receivable balances. Trade receivables are non-interest-bearing.

### (a) Aging analysis

As the end of the Reporting Period, the aging analysis of trade receivables, based on the invoice date and net of loss allowance, is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	<b>266,712</b>	242,398
3 months to 6 months	<b>17,386</b>	10,231
7 to 12 months	<b>1,791</b>	732
over 12 months	<b>83</b>	63
	<b><u>285,972</u></b>	<u>253,424</u>

### 13. TRADE AND BILLS PAYABLES

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Trade payables	<b>262,632</b>	156,733
Bills payable	<b>592,613</b>	873,175
	<b>855,245</b>	1,029,908

The aging analysis of the trade and bills payables as at each reporting date, based on the invoice date, is as follows:

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Within 3 months	<b>792,998</b>	975,265
3 to 6 months	<b>51,308</b>	51,454
6 to 12 months	<b>10,939</b>	2,395
Over 12 months	<b>—</b>	794
	<b>855,245</b>	1,029,908

The trade and bills payables are non-interest-bearing.

Certain of the Group's bills payables are secured by mortgages over the Group's inventories, which had an aggregate carrying value of approximately RMB125,167,000 (2023: RMB257,184,000) as at 31 December 2024.

### 14. DIVIDENDS

	<b>2024</b> <i>RMB'000</i>	2023 <i>RMB'000</i>
Proposed final — Nil (2023: HK\$ 0.037) per ordinary share	<b>—</b>	49,701

The Board does not recommend the payment of any dividends for the year ended 31 December 2024 (2023: HK\$0.037 per share totalling HK\$56.4 million (equivalent to RMB49.7 million) was paid on 9 August 2024).

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY OVERVIEW AND OUTLOOK

In 2024, China's passenger car market continued its recovery from 2023 against the backdrop of adjustments in the global economic landscape and accelerated penetration of smart technologies. According to the data released by the China Passenger Cars Association ("CPCA"), in 2024, the cumulative retail sales of passenger cars in China were 22.89 million units, representing an increase of 5.5% year on year. Among them, the retail sales of new energy vehicles ("NEV") hit a remarkable record, supported by the purchase tax exemption policy, the Automobile to the Countryside Program and the popularization of charging and switching infrastructures. The annual sales volume of NEV in 2024 reached 10.9 million units, representing a year-on-year increase of 40.5%, and a penetration rate of over 47.6%.

In 2024, the luxury car market sales amounted to 2.7 million units, down 7.8% year-on-year. Among them, first-tier luxury brands BMW, Mercedes-Benz and Audi (collectively "BBA") still accounted for over 70% of the luxury car market. BMW remained the sales leader in China with 715,000 new vehicles delivered (including the MINI brand), but down 13.4% from the previous year; Mercedes-Benz had 714,000 vehicles delivered for the year, down 6.7% from the previous year; and Audi had 649,000 vehicles delivered for the year, down 10.9% from the previous year. Although BBA's sales volume in China dropped during the year, it was not a long-term sustained decline as BBA's sales volume rose last year. BMW currently retains its leadership position in the market, leveraging strong brand equity and a diverse product portfolio, with particularly solid performance in the premium sedan and sport utility vehicle (SUV) categories.

Capitalizing on China's scaling advantages in NEV production and fueled by global market ambitions, domestic NEV brands are accelerating international expansion, with their overseas brand recognition reaching new heights. In 2024, China's exports of NEV reached 3.2 million units, up 45% year-on-year, accounting for 38% of global exports of NEV. For the first time, China surpassed Germany to become the world's top exporter of NEV. Among them, BYD topped the list with 800,000 units exported, accounting for 25% of China's total NEV exports and becoming the most influential Chinese brand in the global NEV market.

Looking ahead to 2025, China's automobile market will enter a new cycle of "high-quality growth". Driven by macroeconomic recovery and policy support, the industry is expected to remain active overall, with passenger car retail sales estimated to reach 23.4 million units in 2025, a 2% year-on-year increase. Among them, retail sales of NEV are expected to reach 13.3 million units, representing a year-on-year growth of 20%, and raising the penetration rate to 57%. On 8 January 2025, the National Development and Reform Commission

of the People’s Republic of China issued a Circular on the Enhanced and Expanded Implementation of Large-Scale Equipment Renewal and Consumer Goods Trade-in Policies in 2025. This will surely promote the growth of domestic automobile consumption and fuel the growth of automobile sales in 2025.

In terms of international market, China’s leading automobile enterprises, represented by BYD, are accelerating their globalization and restructuring the competition landscape of the global automobile industry. BYD’s factories in Thailand and Hungary will gradually commence production, with the production capacity covering the demands of the Southeast Asian and European markets. In addition, BYD’s premium models (e.g., Yangwang, DENZA, Equation Leopard) have gained recognition in developed markets, further driving brand premiums. The globalization of China’s NEV has entered a new stage of “two-way empowerment” not only feeding the upgrading of the domestic industry through the scale effect and technological iteration, but also restructuring the rules of global automobile competition with ecological mode. For automobile dealers, this is not only an expansion of sales channels, but also a historic opportunity to transform from a “regional agent” to a “global service provider”.

## **BUSINESS OVERVIEW AND OUTLOOK**

In 2024, the Company achieved a total sales volume of 40,247 units, representing a year-on-year increase of 4.6%, of which 24,115 units of BMW (including MINI) were delivered throughout the year, representing a year-on-year decrease of 15.3%; 6,274 units of BYD (including DENZA) were delivered, representing a remarkable 146-fold increase from the previous year’s sales volume; and 4,547 units of Lexus were delivered, representing a year-on-year increase of 6.6%.

Since late 2023, the Company has accelerated its overseas expansion strategy, collaborating with leading Chinese NEV brands, such as BYD and DENZA, to penetrate the markets of Asia Pacific and Europe. In 2024, the Company marked a milestone with the inauguration of its first European dealership showroom, solidifying its global footprint. With the continuous expansion of its dealership network, the Company’s brand and services received increasing recognition around the world.

The Company has forged a strategic alliance with BYD Company Limited, with Hong Kong as the starting point for business cooperation in the Asia-Pacific and European markets. Notably, BYD’s sales performance in Hong Kong has been exceptional. On 4 November 2024, the Hong Kong subsidiary of the Group acquired the assets of JC Motor Limited, a local car dealer, consolidating its position as the sole BYD distributor in the market. By virtue of the company’s unwavering commitment, BYD achieved the top spot in Hong Kong’s monthly private car sales rankings in January 2025, and once again took over the top position in February 2025 (according to the latest statistics from the Hong Kong Transport Department), marking a historic milestone for electric vehicle dominance in the region. To date, the Group has established 10 showrooms and 3 service centers of BYD in Hong Kong.

Building on this momentum, the Group has accelerated its global expansion strategy beyond Hong Kong in 2024. In Asia-Pacific, the Group has established service network for BYD spanning Cambodia, Thailand, the Philippines, Vietnam, Malaysia, Indonesia, Singapore, Japan, South Korea and Australia, with a total of 39 outlets opened across the region. While in Europe, the Group set up BYD service networks in the United Kingdom, France and Poland deploying 7 outlets to strengthen market penetration. This growth highlights the synergy between BYD's cutting-edge NEV technology and the Group's distribution strengths, positioning the alliance as a pivotal force driving China's NEV globalisation strategy.

Looking ahead, the Company will vigorously expand into overseas NEV markets, while maintain an unwavering commitment to consolidating its core automotive business in Mainland China. Building on the resilience of China's automobile supply chain and the rising global competitiveness of domestic NEV brands, the Company aims to accelerate the internationalization of domestic NEV brands. By deepening partnerships with these industry leaders and aligning with evolving sustainability trends, the Company seeks to position itself as a key enabler of green mobility innovation worldwide, driving both commercial success and progress toward global carbon reduction goals.

## **FINANCIAL OVERVIEW**

### **Revenue**

Revenue of the Group was RMB15,617.4 million for 2024, representing an decrease of 5.8% as compared with RMB16,579.2 million recorded in the corresponding period in 2023. Among them, revenue from Hong Kong and overseas operations amounted to approximately RMB1,788.5 million, representing an increase of around 108.7 times as compared with the revenue for the same period in 2023.

Revenue from sales of automobiles and others was RMB13,373.7 million, accounting for 85.6% of the total revenue in 2024 and representing a decrease of 5.9% from RMB14,209.3 million recorded in the corresponding period in 2023. Revenue from the provision of after-sales services amounted to RMB2,200.7 million, accounting for 14.1% of the total revenue in 2024 and representing a decrease of 5.1% as compared with RMB2,319.8 million in 2023.

### **Cost of Sales and Services**

The Group's cost of sales and services was RMB14,917.7 million in 2024, representing a decrease of 4.5% from RMB15,615.2 million recorded in 2023, which was in line with the overall decrease in revenue.

The cost of sales of automobiles and others in 2024 was RMB13,456.0 million, representing a decrease of 5.1% from RMB14,177.9 million recorded in the corresponding period in 2023. Cost of after-sales services in 2024 was RMB1,461.7 million, representing an increase of 1.7% from RMB1,437.3 million recorded in the corresponding period in 2023.

### **Gross Profit and Gross Profit Margin**

The Group's gross profit in 2024 was RMB699.7 million, representing a decrease of approximately RMB264.3 or 27.4% from RMB964.0 million in 2023. The Group's gross profit margin in 2024 was 4.5%, representing a decrease of 1.3% from 5.8% recorded in the corresponding period in 2023.

In 2024, the Group reported a gross loss of RMB82.3 million from sales of automobile and others, a sharp reversal from the RMB31.4 million gross profit recorded in the prior year period. This margin contraction stemmed from the impact of weak consumer spending amid subdued economic growth.

Gross profit from the provision of after-sales services decreased from RMB882.5 million in 2023 to RMB739.0 million in 2024.

### **Other Income and Gains, Net**

The Group recorded other income and gains, net of RMB572.2 million (2023: RMB411.9 million), which was mainly attributable to commission income of RMB472.8 million (2023: RMB431.6 million), interest income of RMB50.5 million (2023: RMB67.0 million), sponsorship fees received from automobile manufacturers of RMB28.1 million (2023: RMB23.6 million).

### **Selling and Distribution Expenses and Administrative Expenses**

In 2024, the Group's selling and distribution expenses amounted to RMB899.3 million, representing an increase of 4.8% as compared with that of RMB857.8 million in the same period of 2023.

In 2024, the Group's administrative expenses amounted to RMB372.6 million, representing an increase of 10.4% as compared with that of RMB337.6 million in the same period of 2023. The increase in administrative expenses is primarily attributed to the expansion of the international distribution network, including human resource allocation for new locations and travel expenses and temporary operational support costs arising from the expanded business footprint. These expenditures reflect strategic investments in foundational infrastructure during the initial phase of global market penetration.

## **Finance Costs**

The Group's finance costs in 2024 were RMB174.6 million, representing an increase of 32.3% from RMB132.0 million in 2023, which was mainly due to the increase in lease interests resulted from the expansion of international distribution outlets and the average balance of borrowings.

## **Loss for the Year**

The Group recorded a loss for the year of RMB285.7 million, increased by RMB44.2 million as compared to that of RMB241.5 million in 2023. Such increase in loss for the year was primarily due to the drop in gross profit and the rise in administrative expenses driven by the Group's international expansion strategy. Among them, net loss from Hong Kong and overseas operations amounted to approximately RMB194.8 million.

If the effect of the non-recurring loss was excluded, the Group's adjusted loss for the year would be RMB146.1 million. The non-recurring loss represents an expected credit loss of approximately RMB139.6 million on the advances to and interest receivable from the Independent Aftersales Company, due to the failure to receive interest on time during the Reporting Period as the Independent Aftersales Company suffered cashflow issues from the impact of the increasingly competitive business environment.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash Flow**

The Group's primary uses of cash are to pay for purchases of passenger vehicles, spare parts and automobile accessories, to establish new dealership outlets, and to fund the Group's working capital and operating expenses. The Group's liquidity requirements are satisfied primarily through a combination of short-term bank loans and cash flows from operating activities.

As at 31 December 2024, cash and bank balances of the Group totaled RMB1,108.0 million (2023: RMB1,048.2 million).

In 2024, the net cash used in operating activities was RMB299.1 million, net cash used in investing activities was RMB433.0 million, and net cash generated from financing activities was RMB809.5 million.

Considering the Group's existing cash and cash equivalents, net current assets, anticipated cash flow from the operating activities, available bank facilities and other borrowings, the Board believes that the Group's liquidity needs can be satisfied.



## **Net Current Assets**

As at 31 December 2024, the Group's net current assets amounted to RMB1,219.7 million, representing a decrease of 39.9% from RMB2,028.1 million as at 31 December 2023, primarily due to the increase in bank loans and other borrowings (please refer to the paragraph headed "Liquidity and Capital Resources — Bank Loans and Other Borrowings" for details).

## **Capital Expenditure and Investments**

The Group's capital expenditure in 2024 amounted to RMB734.5 million (2023: RMB489.8 million), which was mainly used for the purchase of property, plant and equipment in relation to sales outlets. Save as disclosed above, the Group had not made any significant investments in 2024.

## **Contingent Liabilities**

As at 31 December 2024, save as disclosed, the Company did not have any significant contingent liabilities and guarantees.

## **Inventories**

The Group's average inventory turnover days in 2024 were 41 days, representing an increase of 6 days compared to 35 days in 2023. This rise was primarily driven by the Group's strategic adjustments to inventory levels in response to evolving market conditions, as well as the expansion of its overseas operations, where longer customs clearance processes in international markets contributed to higher inventory holding periods. Despite these factors, the Group's inventory turnover days remain within a healthy range, reflecting a healthy inventory control and the balanced supply chain management.

## Bank Loans and Other Borrowings

As at 31 December 2024, the Group had bank loans and other borrowings in the aggregate amount of RMB3,419.0 million, representing a year-on-year increase of 56.7% as compared to RMB2,181.5 million as at 31 December 2023.

	<b>2024</b>	2023
	<b><i>RMB'000</i></b>	<i>RMB'000</i>
Current		
Bank loans	<b>1,943,783</b>	1,428,647
Other borrowings	<b>1,475,202</b>	752,898
	<b><u>3,418,985</u></b>	<u>2,181,545</u>

As at 31 December 2024, the Group's gearing ratio (calculated as total liabilities divided by total assets) was 57.1%, representing an increase of 9.4% compared to the 47.7% recorded as at 31 December 2023.

As at 31 December 2024, certain Group's bank loans and other borrowing were secured by mortgages over the Company's assets which include (i) land use rights situated in Mainland China in the amount of approximately RMB5.5 million (2023: RMB8.8 million); (ii) buildings in the amount of approximately RMB13.6 million (2023: RMB13.4 million); and (iii) inventories in the amount of approximately RMB799.4 million (2023: RMB454.5 million).

## Interest Rate Risk and Foreign Exchange Risk

The Group's bank deposits, bank loans and other borrowings mainly bear interests at fixed interest rates, therefore the Group's exposure to the risk of interest rate fluctuation is very limited. During the Reporting Period and up to the date of this announcement, the Group has not used any financial derivatives to hedge the Company's interest rate risks.

The Group's subsidiaries operate in Mainland China, Hong Kong and certain overseas countries, and they are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to USD and HKD. The Group considers that the business is not exposed to any significant foreign exchange risk as the financial assets and liabilities of our Group denominated in currencies other than the respective functional currencies of our operating entities are not significant. The Group did not hedge against any fluctuation in foreign currency during the years ended 31 December 2024 and 2023.

## Capital Structure and Treasury Policies

The Group's business activities are primarily funded through a combination of share capital, cash generated from operating activities, interest-bearing bank loans, and other borrowings.

The Group has adopted a prudent financial management approach towards its treasury policies and will revisit such policies from time to time, taking into account, among other things, the cash flows requirement and expansion of the Group. The Group maintained a healthy liquidity position in 2024.

## Employees and Remuneration Policies

As at 31 December 2024, the Group had a total of 4,403 employees (2023: 3,642 employees). Total employee expenses in 2024 amounted to RMB515.2 million, compared to RMB446.2 million in 2023, reflecting a 6.8% year-over-year increase. Employees' remuneration packages are determined based on their work experience, job responsibilities and performance. The management will conduct an annual review of the salary plan while taking into account employees' general performance and market conditions.

The Company operates a share option scheme (the “**Share Option Scheme**”) for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Share Option Scheme include employees of the Company and its subsidiaries. The Share Option Scheme became effective on 26 June 2015, unless otherwise cancelled or amended, will remain in force for ten years from that date. The remaining life of the Share Option Scheme is approximately three months. 50% of these share options were vested on 16 February 2020 and 50% were vested on 16 February 2021. As at 1 January 2024, the Company had 42,191,000 share options outstanding under the Share Option Scheme, which represented approximately 2.8% of the Company's shares in issue. During the Reporting Period, no share option was granted, exercised, lapsed and cancelled under the Share Option Scheme. As at 31 December 2024, the Company had 42,191,000 share options outstanding under the Share Option Scheme, which represented approximately 2.8% of the Company's shares in issue as at that date.

On 28 February 2019, the Company adopted a share award scheme (the “**Share Award Scheme**”) under which the Company may grant existing Shares to selected participants, being all employees, directors (whether executive or non-executive directors, but excluding independent non-executive directors and Mr. Feng Changge) and officers of the Group. The Share Award Scheme was adopted for the purpose of (i) motivating, recognizing and rewarding the contributions of the employees, directors (executive or non-executive directors but excluding independent non-executive directors) and officers of the Group; (ii) attracting and retaining talents for the long-term growth and development of the Group; and (iii) aligning the interests of the grantees of the Company with that of the shareholders to enhance the long-term financial performance of the Company. No new Shares will

be granted under the Share Award Plan during the Reporting Period. Subject to early termination by the Board, the Share Award Plan shall be valid and effective from the date of adoption of the Share Award Plan, being 28 February 2019, and ending on 26 June 2025 (both days inclusive). The remaining life of the Share Award Scheme is approximately three months. The maximum aggregate number of Shares to be acquired by the trustee under the Share Award Plan is 60,000,000 Shares, representing 3.94% of the Shares in issue (i.e. 1,523,264,677) as at 31 December 2024. 30,000,000 shares were granted and vested under the Share Award Scheme. As at 31 December 2024, the trustee appointed by the Company for the Share Award Scheme has purchased 59,987,500 Shares under the Share Award Scheme since its adoption. During the Reporting Period, no shares were granted, vested, lapsed and cancelled under the Share Award Scheme. Details of the Share Award Scheme are set out in the announcement of the Company dated 2 April 2019.

For further details of the Share Option Scheme and the Share Award Scheme, please refer to the 2024 annual report of the Company to be published in due course. The Company will regularly review its remuneration policy and employee benefits with reference to market practice and individual performance.

## **PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES**

During the Reporting Period and up to the date of this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's securities (including sale of treasury shares) listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

## **EVENTS AFTER THE REPORTING PERIOD**

As at the end of the Reporting Period and up to the date of this announcement, there was no significant event that had any significant impact on the Group.

## **OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS**

As at the date of this announcement, the Group has not entered into any off-balance sheet transactions.

## **FINAL DIVIDEND**

The Board does not recommend the payment of any dividends for the year ended 31 December 2024 (2023: HK\$0.037 per share).

## **COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE**

For the year ended 31 December 2024, the Company has complied with the applicable principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Appendix C1 to the Rules Governing the Listing of Securities (the “**Listing Rules**”) on the Stock Exchange.

The Board will continue to review and monitor the corporate governance practices of the Company for the purpose of complying with the CG Code and maintaining a high standard of corporate governance practices of the Company.

## **MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the “**Model Code**”) as set out in Appendix C3 to the Listing Rules as its code of conduct regarding directors’ securities transactions. All Directors confirmed that, following a specific enquiry by the Company, that they have complied with the Model Code for the year ended 31 December 2024.

The Company’s employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code for the year ended 31 December 2024.

## **MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES**

Save as disclosed in this announcement, there was no significant investment, acquisition or disposal of subsidiaries, associates and joint ventures by the Group during the Reporting Period.

## **SUFFICIENCY OF THE PUBLIC FLOAT**

Based on the information that is publicly available to the Company and to the best knowledge, information and belief of the Directors as at the date of this announcement, the Directors confirm that the Company maintained a sufficient public float as required under the Listing Rules during the Reporting Period.

## **2025 ANNUAL GENERAL MEETING**

The annual general meeting (“**2025 AGM**”) will be held on Wednesday, 18 June 2025. A notice convening the 2025 AGM will be published and dispatched to the shareholders in accordance with the requirements of the Listing Rules in due course.

## **CLOSURE OF REGISTER OF MEMBERS FOR THE 2025 AGM**

For determining the entitlement to attend and vote at the 2025 AGM, the register of members of the Company will be closed from Friday, 13 June 2025 to Wednesday, 18 June 2025, both days inclusive, during which period no transfer of shares will be registered. In order to qualify as members entitled to attend and vote at the 2025 AGM, the shareholders should lodge all duly completed share transfer forms accompanied by the relevant share certificates with the Company's branch share registrar and transfer office, Tricor Investor Services Limited, at 17/F, Far East Finance Centre, 16 Harcourt Road, Hong Kong for registration not later than 4:30 p.m. on Thursday, 12 June 2025.

## **SCOPE OF WORK OF THE AUDITORS**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income, and the related notes thereto for the year ended 31 December 2024 as set out in the preliminary annual results announcement have been agreed by the Group's auditor, Beijing Xinghua Caplegend CPA Limited ("**Beijing Xinghua**"), to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Beijing Xinghua in this respect did not constitute an assurance engagement and consequently no opinion or assurance conclusion has been expressed by Beijing Xinghua on the preliminary annual results announcement.

## **AUDIT COMMITTEE**

The Company established an Audit Committee with written terms of reference in compliance with the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee consists three members, namely Mr. Wang Nengguang, Mr. Lau Kwok Fan and Mr. Sung Ka Woon, all of whom are independent non-executive directors of the Company. Mr. Wang Nengguang is the chairman of the Audit Committee.

The Audit Committee has considered and reviewed the annual results of the Group for the year ended 31 December 2024.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY**

The annual results announcement is published on the website of the Stock Exchange (<http://www.hkexnews.hk>) and that of the Company (<http://www.hexieauto.com>). The annual report will be dispatched to the shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

## **APPRECIATION**

Relying on the long-term loyalty and contributions of employees in various departments, as well as the trust and support of shareholders and business partners, the Group can grow and improve in the increasingly competitive and challenging environment. The Board wishes to express its sincere gratitude to all parties for their outstanding contributions to the Group.

By Order of the Board  
**China Harmony Auto Holding Limited**  
**LIU Fenglei**  
*CEO and Executive Director*

Zhengzhou, the People's Republic of China  
31 March 2025

*As at the date of this announcement, the executive directors of the Company are Mr. Feng Changge (Chairman), Mr. Feng Shaolun, Mr. Liu Fenglei, Ms. Ma Lintao and Mr. Cheng Junqiang; and the independent non-executive directors of the Company are Mr. Wang Nengguang, Mr. Lau Kwok Fan and Mr. Sung Ka Woon.*