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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)**

**ANNOUNCEMENT OF INTERIM RESULTS  
FOR THE SIX MONTHS ENDED 30 JUNE 2025**

**RESULTS HIGHLIGHTS**

- The Group's revenue amounted to approximately RMB9,636.6 million, representing an increase of approximately 29.1% compared to approximately RMB7,466.3 million in the corresponding period of 2024.
- The Group's sales volume of new vehicles reached 30,666 units, representing an increase of approximately 60.6% compared to 19,100 units in the corresponding period of 2024.
- The Group's gross profit amounted to approximately RMB559.8 million, representing an increase of 52.8% compared to approximately RMB366.3 million in the corresponding period of 2024.
- The loss attributable to the owners of the Company amounted to approximately RMB11.8 million, and excluding the impact of non-recurring expenses related to stores closure of RMB32.5 million, the Group's adjusted net profit would be RMB20.7 million, a sharp reversal from the loss attributable to the owners of the Company of RMB76.3 million in the corresponding period of 2024 (an increase of approximately RMB97.0 million). Among them, net profit from Hong Kong and Overseas operations amounted to RMB2.8 million.
- Basic and diluted loss per share attributable to owners of the Company was RMB0.008, a significant improvement of 84.3% compared to that of RMB0.051 in the corresponding period of 2024.

## INTERIM RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of China Harmony Auto Holding Limited (the “**Company**”) is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively, the “**Group**”) for the six months ended 30 June 2025 (the “**Reporting Period**”), together with comparative figures for the period ended 30 June 2024.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2025

		Six months ended 30 June	
		2025	2024
		RMB'000	RMB'000
	Note	(Unaudited)	(Unaudited)
<b>REVENUE</b>	4	<b>9,636,608</b>	7,466,294
Cost of sales and services		<b>(9,076,831)</b>	(7,100,031)
<b>GROSS PROFIT</b>		<b>559,777</b>	366,263
Other income and gains	5	<b>248,285</b>	238,223
Selling and distribution expenses		<b>(549,248)</b>	(459,272)
Administrative expenses		<b>(166,970)</b>	(131,096)
<b>PROFIT FROM OPERATIONS</b>		<b>91,844</b>	14,118
Finance costs	6	<b>(94,894)</b>	(78,937)
Share of losses of joint ventures		<b>(144)</b>	(3)
Share of losses of associates		<b>—</b>	(3)
<b>LOSS BEFORE TAX</b>		<b>(3,194)</b>	(64,825)
Income tax expense	7	<b>(7,398)</b>	(9,878)
<b>LOSS FOR THE PERIOD</b>	8	<b>(10,592)</b>	(74,703)
<b>Other comprehensive profit/(loss) after tax:</b>			
<i>Items that may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<b>8,596</b>	(12,093)
<b>Other comprehensive profit/(loss) for the period, net of tax</b>		<b>8,596</b>	(12,093)
<b>Total comprehensive loss for the period</b>		<b>(1,996)</b>	(86,796)

		<b>Six months ended 30 June</b>	
		<b>2025</b>	<b>2024</b>
		<b>RMB'000</b>	<b>RMB'000</b>
<i>Note</i>		<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>(Loss)/Profit for the period attributable to:</b>			
	Owners of the Company	<b>(11,796)</b>	<b>(76,275)</b>
	Non-controlling interests	<b>1,204</b>	<b>1,572</b>
		<u><b>(10,592)</b></u>	<u><b>(74,703)</b></u>
<b>Total comprehensive (loss)/profit for the period attributable to:</b>			
	Owners of the Company	<b>(3,200)</b>	<b>(88,368)</b>
	Non-controlling interests	<b>1,204</b>	<b>1,572</b>
		<u><b>(1,996)</b></u>	<u><b>(86,796)</b></u>
<b>Loss per share attributable to owners of the Company</b>			
	Basic ( <i>RMB</i> )	<b>(0.008)</b>	<b>(0.051)</b>
	Diluted ( <i>RMB</i> )	<b>(0.008)</b>	<b>(0.051)</b>

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**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 30 JUNE 2025**

		<b>30 June 2025</b>	31 December 2024
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Notes</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	11	<b>3,423,721</b>	3,266,348
Right-of-use assets		<b>1,175,022</b>	1,265,128
Intangible assets		<b>132,492</b>	136,196
Goodwill		<b>195,778</b>	195,778
Prepayments and other assets		<b>6,035</b>	7,392
Finance lease receivables		<b>214,139</b>	184,038
Investment in joint ventures		<b>1,996</b>	2,140
Equity investment at fair value through other comprehensive income		<b>28,781</b>	31,669
Deferred tax assets		<b>135,141</b>	135,141
Total non-current assets		<b>5,313,105</b>	5,223,830
<b>CURRENT ASSETS</b>			
Finance lease receivables		<b>157,263</b>	174,280
Inventories		<b>1,992,748</b>	1,921,892
Trade receivables	12	<b>334,488</b>	285,972
Prepayments, other receivables and other assets		<b>2,725,531</b>	3,203,840
Financial assets at fair value through profit or loss		<b>1,807</b>	2,957
Pledged and restricted bank deposits		<b>246,328</b>	313,845
Cash in transit		<b>30,406</b>	12,715
Cash and bank balances		<b>1,064,293</b>	1,107,974
Total current assets		<b>6,552,864</b>	7,023,475
<b>CURRENT LIABILITIES</b>			
Bank loans and other borrowings		<b>3,574,156</b>	3,418,985
Trade and bills payables	13	<b>733,090</b>	855,245
Contract liabilities		<b>525,630</b>	879,282
Other payables and accruals		<b>479,271</b>	444,559
Lease liabilities		<b>248,060</b>	195,251
Income tax payable		<b>9,356</b>	10,435
Total current liabilities		<b>5,569,563</b>	5,803,757

		<b>30 June 2025</b>	31 December 2024
		<b>RMB'000</b>	<b>RMB'000</b>
	<i>Note</i>	<b>(Unaudited)</b>	<b>(Audited)</b>
<b>NET CURRENT ASSETS</b>		<b>983,301</b>	1,219,718
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>6,296,406</b>	6,443,548
<b>NON-CURRENT LIABILITIES</b>			
Lease liabilities		<b>983,317</b>	1,128,522
Deferred tax liabilities		<b>61,849</b>	61,790
Total non-current liabilities		<b>1,045,166</b>	1,190,312
<b>NET ASSETS</b>		<b>5,251,240</b>	5,253,236
<b>EQUITY</b>			
<b>Equity attributable to owners of the Company</b>			
Share capital	14	<b>12,083</b>	12,083
Reserves		<b>5,158,443</b>	5,161,643
		<b>5,170,526</b>	5,173,726
Non-controlling interests		<b>80,714</b>	79,510
<b>TOTAL EQUITY</b>		<b>5,251,240</b>	5,253,236

# **NOTE TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

*FOR THE SIX MONTHS ENDED 30 JUNE 2025*

## **1. BASIS OF PREPARATION**

The condensed consolidated interim financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix D2 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”) and with the Hong Kong Accounting Standard 34 “Interim Financial Reporting” issued by the Hong Kong Institute of Certified Public Accountants (the “**HKICPA**”).

These condensed consolidated interim financial statements should be read in conjunction with the 2024 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2024.

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

For the Reporting Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2025. HKFRSs comprise HKFRSs; Hong Kong Accounting Standards (“**HKAS**”); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group’s accounting policies, presentation of the Group’s condensed consolidated financial statements and amounts reported for the current period and prior years.

The Group has not applied the new HKFRSs that have been issued but are not yet effective. The application of these new HKFRSs will not have a material impact on the financial statements of the Group.

### 3. 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	
	Six months ended 30 June 2025 RMB'000	2024 RMB'000	As at 30 June 2025 RMB'000	As at 31 December 2024 RMB'000
Mainland China	5,734,979	6,814,347	3,985,037	4,075,953
Hong Kong and Overseas	3,901,629	651,947	1,328,068	1,147,877
	<u>9,636,608</u>	<u>7,466,294</u>	<u>5,313,105</u>	<u>5,223,830</u>

#### Information about major customers

Since no sales to a single customer amounted to 10% or more of the Group's revenue during the period, no major customer information is presented.

#### 4. REVENUE

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
<i>Revenue from contracts with customers</i>		
— Sale of automobiles and others	8,577,419	6,273,647
— Provision of after-sales services	1,044,655	1,170,533
<i>Revenue from other sources</i>		
— Finance leasing services	14,534	22,114
	<u>9,636,608</u>	<u>7,466,294</u>

#### Disaggregation of revenue from contracts with customers:

##### *Type of goods or services*

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Sale of automobiles and others	8,577,419	6,273,647
Provision of after-sales services	1,044,655	1,170,533
Total revenue from contracts with customers	<u>9,622,074</u>	<u>7,444,180</u>

##### *Timing of revenue recognition*

	Six months ended 30 June	
	2025	2024
	RMB'000	RMB'000
	(Unaudited)	(Unaudited)
Goods received by the customer at a point in time	8,577,419	6,273,647
After-sales services rendered at a point in time	1,044,655	1,170,533
Total revenue from contracts with customers	<u>9,622,074</u>	<u>7,444,180</u>



## 5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Commission income	205,325	189,539
Interest income from loans and advances to a third party	16,670	24,250
Bank interest income	10,760	13,960
Government grant	1,008	471
Others	14,522	10,003
	<u>248,285</u>	<u>238,223</u>

## 6. FINANCE COSTS

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	59,662	44,312
Leases interests	35,232	34,625
	<u>94,894</u>	<u>78,937</u>

## 7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax		
Provision for the period	7,339	10,457
Deferred tax	59	(579)
	<u>7,398</u>	<u>9,878</u>

## 8. LOSS FOR THE PERIOD

The Group's loss for the period is stated after charging the following:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b><i>RMB'000</i></b>	<b><i>RMB'000</i></b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Directors' remuneration	<b>2,666</b>	4,415
(Loss)/gain on disposal and written off of property, plant and equipment	<b>(32,538)</b>	5,687
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	<b>256,351</b>	196,083
Other welfare	<b>49,533</b>	39,842
Cost of sales and services:		
Cost of sales of automobiles	<b>8,440,700</b>	6,377,811
Cost of after-sales services	<b>636,131</b>	722,220
	<b><u>9,076,831</u></b>	<b><u>7,100,031</u></b>

## 9. DIVIDENDS

The Board recommends not to declare interim dividend for the six months ended 30 June 2025 (2024: Nil).

## 10. LOSS PER SHARE

The calculation of basic and diluted loss per share is based on the following:

	<b>Six months ended 30 June</b>	
	<b>2025</b>	<b>2024</b>
	<b>RMB'000</b>	<b>RMB'000</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Earnings:</b>		
Loss for the period attributable to owners of the Company used in the basic earnings per share calculation	<u><b>(11,796)</b></u>	<u><b>(76,275)</b></u>
<b>Number of shares:</b>	<b>'000</b>	<b>'000</b>
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	<b>1,523,265</b>	1,488,748
Effect of dilution		
<i>weighted average number of ordinary shares:</i>		
— Share options	<u>—</u>	<u>—</u>
	<u><b>1,523,265</b></u>	<u><b>1,488,748</b></u>

## 11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2025, the Group recorded an additional property, plant and equipment of approximately RMB364,448,000.

## 12. TRADE RECEIVABLES

The aging analysis of trade receivables as at the balance sheet date, based on the date of recognition of the service income or goods sold, is as follows:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	306,596	266,712
3 months to 6 months	19,628	17,386
7 to 12 months	7,257	1,791
Over 12 months	1,007	83
	<u>334,488</u>	<u>285,972</u>

## 13. TRADE AND BILLS PAYABLES

The aging analysis of the trade payables as at the balance sheet date, based on the date of receipt of consumables or goods purchased, is as follows:

	At 30 June 2025 <i>RMB'000</i> (Unaudited)	At 31 December 2024 <i>RMB'000</i> (Audited)
Within 3 months	656,450	792,998
3 to 6 months	59,434	51,308
6 to 12 months	16,743	10,939
Over 12 months	463	—
	<u>733,090</u>	<u>855,245</u>

## 14. SHARE CAPITAL

	<b>Number of issued and fully paid shares</b>	<b>Amount RMB'000</b>
At 31 December 2024 (Audited) and at 30 June 2025 (Unaudited)	<u>1,523,264,677</u>	<u>12,083</u>

All shares issued in prior years rank pari passu with the then existing shares in issue in all respects.

## 15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities on 30 June 2025 and 31 December 2024.

## 16. CAPITAL COMMITMENTS

Capital commitments of the Group in respect of property and equipment and capital contribution outstanding at each reporting date not provided for in these consolidated interim financial statements are as follows:

	<b>At 30 June 2025 RMB'000 (Unaudited)</b>	<b>At 31 December 2024 RMB'000 (Audited)</b>
Property, plant and equipment — Contracted, but not provided for	<u>121,711</u>	<u>74,968</u>

## 17. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 29 August 2025.

## MANAGEMENT DISCUSSION AND ANALYSIS

### INDUSTRY REVIEW AND OUTLOOK

According to data from the China Passenger Cars Association (“CPCA”), the retail sales of passenger vehicles in China reached approximately 10.9 million units in the first half of 2025, indicating a year-on-year growth of 10.8%. In January 2025, the retail sales of passenger vehicles were approximately 1.8 million units, and then in February 2025, the sales slightly declined to 1.4 million units. However, the sales rebounded and exceeded the level of January, reaching 1.9 million units in March. From April to June 2025, the sales continued to rise and reached the peak of this year’s sales in June, with 2.1 million units in one month. The retail market sales of passenger vehicles in each month was higher than the same period last year from February to June 2025, indicating a positive market signal. In terms of the new energy vehicles (“NEV”) market, the cumulative sales in 2025 were 5.5 million units with the increase rate of 33.3%. Among them, BYD had the highest sales of 1.7 million units, accounting for 30.7% of the NEV market. The emerging brands, such as XPENG, Leap Motor and Xiaomi, accounted for 19.5% of the domestic retail market share. The strong performance of these brands further intensified the competition.

The luxury vehicles market continues to face challenges in 2025. In the first half of 2025, the cumulative sales were approximately 1.2 million units, a decrease of 11.8% compared to the same period last year. In the first half of 2025, the three traditional luxury car brands, BMW, Mercedes-Benz and Audi (collectively, “BBA”), sold approximately 900,000 new vehicles in China, accounting for about 76% of the luxury car market share. Among them, BMW (including MINI brands) delivered approximately 318,000 new vehicles, Mercedes-Benz delivered approximately 293,000 new vehicles, and Audi delivered approximately 287,600 new vehicles. Compared to the same period last year, the sales volume of BMW, Mercedes-Benz and Audi in the first half year of 2025 declined 15.5%, 14.0% and 10.2% respectively, which indicates the fierce competition in the luxury vehicle market, as well as the shift in consumer preferences towards more intelligent and sustainable travel solutions.

Chinese NEV brands have achieved outstanding performance in the global market. In the first half of 2025, Chinese NEV manufacturers exported a total of approximately 987,000 vehicles, representing a 48.0% year-on-year increase. Among them, BYD has shown robust growth in exports with the volume of about 472,000 units, a 1.3-fold increase compared to the previous year, consolidating its leading position in the global NEV industry. Meanwhile, Chinese automotive manufacturers are gradually implementing localization strategies, enhancing their resilience against risks such as geopolitical issues and tariffs. These notable advancements reflect a growing acceptance and demand for Chinese electric vehicles in overseas markets, implying promising prospects for Chinese NEV brands in the global market.

According to data from CPCA, in the first half of 2025, the average comprehensive inventory coefficient of Chinese automobile dealers remained at approximately 1.46, slightly lower than the average level of 1.54 in the first half of 2024. From January to June 2025, the overall inventory of the industry increased by 380,000 vehicles compared to the same period last year, changing the characteristic of continuous inventory reduction in the first six months of the past few years, and also bringing about a better growth in manufacturers' sales. Fiscal policies, including extending subsidies for the trade-in program and tax incentives for purchasing NEVs, continue to boost demand. The combined effect of policy incentives and promotions are expected to boost the customer flow and transaction volume of the dealers.

## **BUSINESS REVIEW AND OUTLOOK**

Amid a severe downturn in China's automotive dealer industry, the Group delivered a strong operational performance in the first half of 2025, achieving total sales of 30,666 units. This represents a robust year-on-year increase of 60.6%, significantly outpacing the overall market growth rate and demonstrating the successful implementation of the Group's strategic initiatives. Hong Kong and Overseas markets emerged as the primary growth drivers, with sales reaching 15,725 units, accounting for 51.3% of total sales. Meanwhile, domestic sales remained stable at 14,941 units, comprising 48.7% of the total sales. Excluding the impact of non-recurring losses of RMB32.5 million related to store closures, the Group's adjusted net profit would have been RMB20.7 million. This marks a sharp reversal from the loss attributable to the owners of the Company of RMB76.3 million in the corresponding period of 2024, reflecting an improvement of approximately RMB97.0 million.

### **Mainland China Market**

In the first half of 2025, the Group's mainland China business recorded robust performance, achieving an adjusted operating net profit of approximately RMB17.9 million (excluding non-recurring losses of RMB32.5 million related to store closures). This remarkable result significantly outperformed industry peers, attributable to the following three factors:

First, the Group stayed committed to its "1+2" operational strategy, namely One standard (Performance and profitability serve as the sole metrics for evaluating work) and Two focuses (focusing on leading brands and strategic regions and focusing on operational efficiency and quality). In terms of brand focus, the Group clearly defined its core brand portfolio, covering three ultra-luxury brands (Bentley, Rolls-Royce, and Ferrari) and two premium brands (BMW and Lexus). Meanwhile, regarding regional focus, the Group concentrated its network layout in regions with operational strengths. For brands facing operational pressures in non-core regions, the Group proactively optimized its presence to conserve resources and reinvigorate operations for pursuing renewed growth.

Second, underpinned by a sound operational strategy, the Group has consistently adopted a prudent approach toward acquisitions, refraining from pursuing large-scale acquisition models. Instead, in line with our strategic development objectives, we have remained focused on premium brands and key regions, selectively advancing projects based on careful evaluation and strict cost control. In terms of network expansion, we adhere to a philosophy of steady and sustainable operation by avoiding both outdated practices and reckless expansion, thereby ensuring overall operational excellence and maintaining high standards of store quality.

Third, at the actual operational level, all business segments of the Group have continuously strengthened high-efficiency coordination and high-quality collaboration, establishing a business management model characterized by synergistic features. In sales operations, the Group proactively assessed market landscape so as to adjust its strategies in a timely manner based on these insights. In sales quality control, the focus remained on pacing and structure: By front-loading quarterly and monthly sales and implementing off-peak operations, the Group has effectively avoided vicious competition. Adjustments to the vehicle model mix are not driven solely by inventory reduction, but are initiated through sales planning system orders to ensure scientifically aligned procurement structures, supported by efficient resource exchange within the system. Key performance indicators such as order-resource alignment and inventory-resource alignment directly determine a sound terminal sales structure. Achieving earlier sales and structural optimization can effectively reduce losses, making “minimizing losses equivalent to winning” in the current market landscape. In the after-sales business, despite a decline in customer spending willingness and showroom visit frequency, we continued to work on customer demand and consistently launched high-engagement products to explore incremental markets, and dedicated efforts to secondary sales development for existing customers. In the mechanical and electrical maintenance business, a funnel-based customer management model was adopted to enhance the penetration rate of rigid demands such as SPR (three filters and spark plugs), thereby securing after-sales gross profit contributions. For the accident repair business, pre-defined work plans were implemented to balance efficiency, cost, and gross margin, achieving refined control. In the first half of 2025, the overall gross profit margin of the after-sales business increased to 39.2%, representing an increase of approximately 1 percentage point from 38.3% recorded in the corresponding period last year. In terms of operational efficiency, the Group has been putting the principle of “cost control and efficiency enhancement” at the very core by promoting cross-store and cross-organizational integration to improve overall operational performance. Due to refined management and data benchmarking mechanisms, the Group swiftly responded to market changes while optimizing decision-making quality and management effectiveness.

To tap the growth opportunities in China’s electric vehicle market, the Group worked to optimize its brand portfolio and sales network, adding three DENZA brand showrooms in the first half of 2025. This initiative has further strengthened our market coverage and brand influence, laying a solid foundation for the Group’s sustainable and high-quality development.



## Hong Kong and Overseas market

The Group's strategy for entering the international NEV market has achieved initial success. Since 2023, the Group has accelerated its overseas layout of NEV distribution business and established global strategic partnerships with BYD Company, a leading automobile manufacturer in the PRC, to distribute and provide after-sales services for NEV brands, such as BYD and DENZA, aiming to expand the business across various locations outside Mainland China. As of 30 June 2025, the group operated 40 4S centres, 36 Showrooms and 6 service centres, and added a total of 29 outlets in the first half of 2025 spanning across Asia Pacific, Europe and Africa. As the sole Tier-1 authorised dealer for BYD brand in Hong Kong, the Group performed exceptionally well, selling 4,762 units BYD NEVs in the first half of 2025, successfully claiming itself as the best seller across all brands in Hong Kong. The Group also performed well in markets such as Indonesia, Cambodia and the Philippines, achieving 2,538, 1,610 and 1,767 sales of units respectively, representing a year-on-year increase of 226%, 444% and 89% respectively. The Group adopts the "low-cost, high-efficiency" operation mode in overseas regions: the investment of overseas single stores is lower than that of domestic traditional 4S stores; at the same time, the average number of employees in a single overseas store is much lower than that of domestic traditional 4S stores.

The Group has reached a global strategic partnership with BYD Company, adhering to a rapid deployment strategy centered on the "Four Fast": fast investment, fast store building, fast recruitment, and fast execution, so as to quickly enter the core market, preemptively deploy core areas, and realize international business layout. The Group has a sufficient talent pool and a mature training system in mainland China, which enables the Group to integrate the experience of domestic efficient operation and refined management into overseas markets through an agile and efficient "1 + X" overseas personnel structure, forming a business model with both Chinese characteristics and regional adaptability, and achieving rapid breakthroughs and brand enhancement in the market.

Looking forward, the Group will implement systematic initiatives centered on "establishing frameworks, expanding coverage, building foundations, refining operations, broadening scope and deepening impact": (1) based on Asia-Pacific and Europe, continue to use a rapid deployment strategy to advance and complete the layout of the global network framework, and quickly complete the development of new markets in the Middle East, Africa and America; (2) increase network density in core market areas of Asia-Pacific and Europe to match actual demand and improve coverage capabilities; (3) continue to build a management foundation and profit system that meets local needs, including talent management system, business process standards, improvement of second-hand car market business, integration of derivative business resources such as insurance and finance, etc.; (4) strengthen refined operations, improve profitability, human efficiency, inventory turnover and site utilization efficiency, etc.; (5) relying on the global layout to expand NEV adjacent business, such as energy storage, charging solutions, battery repair and recycling, zero-carbon parks and supporting facilities, etc.; and (6) deepen and refine each business segment, continue to enhance core competitiveness and sustainable development capabilities, and strive to become the world's largest new energy distributor group.

## FINANCIAL OVERVIEW

### Revenue

In the first half of 2025, the Group recorded a total revenue of RMB9,636.6 million, representing an increase of 29.1% compared to RMB7,466.3 million in the corresponding period of 2024.

#### *Revenue by type of goods or services*

- **Sale of automobiles and others:** Revenue increased significantly by 36.7% to RMB8,577.4 million from RMB6,273.6 million in the first half of 2024, accounting for 89.0% of the total revenue. The growth was mainly attributable to the strategic expansion of the Group's international sales network, which enabled broader market reach and increased sales volume across key regions.
- **After-sales services:** Revenue decreased by 10.7% to RMB1,044.7 million from RMB1,170.5 million in the first half of 2024, accounting for 10.8% of the total revenue.
- **Finance leasing services:** Revenue declined by 34.4% to RMB14.5 million from RMB22.1 million in the first half of 2024, accounting for 0.2% of the total revenue.

#### *Revenue by regions*

- **Mainland China:** Revenue decreased by 15.8% to RMB5,735.0 million from RMB6,814.3 million in the first half of 2024, accounting for 59.5% of the total revenue. This was primarily driven by persistently weak domestic consumer spending, an imbalance in passenger vehicle supply and demand, and intensified price competition, especially within the luxury vehicle segment. Among which, the revenue from BMW and Lexus brands was RMB4,544.6 million, accounting for 79.2% of the revenue from Mainland China.
- **Hong Kong and Overseas:** Revenue increased significantly by 5.0 times to RMB3,901.6 million from RMB652.0 million in the first half of 2024, accounting for 40.5% of the total revenue. This remarkable sales performance highlights the success of the Group's global strategy, especially deeper penetration into Hong Kong and key Southeast Asian markets, as well as the increasing international recognition and acceptance of Chinese NEV brands.

### Cost of Sales and Services

In the first half of 2025, the Group recorded cost of sales and services of RMB9,076.8 million, representing an increase of 27.8% compared to RMB7,100.0 million in the corresponding period of 2024.

- **Sales of automobiles and others:** Cost of sales increased by 32.3% to RMB8,440.7 million from RMB6,377.8 million in the first half of 2024, which was in line with the increase in revenue from the sale of automobiles and others.
- **After-sales services:** Cost of sales decreased by 11.9% to RMB636.1 million from RMB722.2 million in the first half of 2024, which was in line with the decrease in revenue from the sale of automobiles and others.

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

In the first half of 2025, the Group's gross profit increased by 52.8%, reaching RMB559.8 million from RMB366.3 million in the corresponding period of 2024, and the gross profit margin increased by 0.9 percentage point to 5.8% from 4.9% in the corresponding period of 2024.

- **Sales of automobiles and others:** Gross profit increased by RMB240.9 million to RMB136.7 million from gross loss of RMB104.2 million in the first half of 2024. Gross profit margin recorded in the first half of 2025 was 1.6%.
- **After-sales services:** Gross profit decreased by 8.9% to RMB408.5 million from RMB448.3 million in the first half of 2024. Gross profit margin increased slightly by 0.8 percentage point to 39.1% from 38.3% in the first half of 2024.

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

During the Reporting Period, the Group recorded other income and gains of RMB248.3 million, indicating an increase of 4.2% compared to the corresponding period of 2024. This increase was primarily attributable to growth in commission income, which increased by 8.3% to RMB205.3 million from RMB189.5 million in the corresponding period of 2024.

## **Selling and Distribution Expenses**

During the Reporting Period, the Group's selling and distribution expenses totaled RMB549.2 million, representing an increase of 20.0% compared to RMB459.3 million in the corresponding period of 2024. The increase was mainly due to the ongoing expansion of international distribution network.

## **Administrative Expenses**

During the Reporting Period, the Group's administrative expenses amounted to RMB167.0 million, representing an increase of 27.4% from RMB131.1 million in the corresponding period of 2024. The significant increase was primary attributed to the ongoing expansion of international distribution network.

## **Profit from Operations**

During the Reporting Period, the Group reported profit from operations of RMB91.8 million, representing a substantial increase of RMB77.7 million or 551.1% compared to RMB14.1 million recorded in the corresponding period in 2024.

## **Finance Costs**

During the Reporting Period, the Group recorded the finance costs of RMB94.9 million, representing an increase of 20.3% compared to RMB78.9 million in the corresponding period of 2024, which was primarily driven by higher interest expenses on bank loans, resulting from the Group's elevated level of bank borrowings.

## **Loss Attributable to Owners of the Company**

As a result of the above, the loss attributable to owners of the Company narrowed to RMB11.8 million, compared to a loss of RMB76.3 million in the corresponding period of 2024. Excluding the impact of non-recurring expenses related to stores closure of RMB32.5 million, the Group's adjusted net profit would be RMB20.7 million (including net profit of RMB2.8 million from Hong Kong and Overseas operations).

## **LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES**

### **Cash Flow**

The Group primarily uses cash to purchase new automobiles, spare parts and automobile accessories, to repay its indebtedness, to fund its working capital and normal operating expenses and to establish new dealerships and acquire additional dealerships. The Group satisfies its liquidity requirements mainly through a combination of cash flows generated from its operating activities and bank loans and currently expects that future liquidity will continue to be satisfied mainly by the foregoing.

As at 30 June 2025, the total cash and deposits of the Group was RMB1,064.3 million; the net cash generated from operating activities by the Group amounted to RMB314.6 million; the net cash used in investing activities by the Group amounted to RMB291.2 million, consisting primarily of purchases of property, plant and equipment; and the net cash used in financing activities by the Group amounted to RMB76.9 million.

### **Net Current Assets**

As at 30 June 2025, the net current assets of the Group was RMB983.3 million, representing a decrease of RMB236.4 million or 19.4% from that of RMB1,219.7 million as of 31 December 2024, primarily due to the decrease in prepayments, other receivables and other assets, cash and bank balances, and pledged and restricted bank deposits.

## Capital Expenditure and Investments

As at 30 June 2025, the Group's capital expenditure amounted to RMB364.4 million, representing an increase of 104.5% compared to that of RMB178.2 million incurred for the corresponding period of 2024, which was mainly used for the purchase of property, plant and equipment in relation to the expansion of overseas sales network.

Save as disclosed above, the Group had not made any significant investments during the Relevant Period.

## Contingent Liabilities

As at 30 June 2025, save as disclosed, the Company did not have any significant contingent liabilities and guarantees.

## Inventories

The Group's inventories primarily consisted of new passenger vehicles, spare parts and automobile accessories. As at 30 June 2025, inventories increased by RMB70.8 million from RMB1,921.9 million as at 31 December 2024 to RMB1,992.7 million as at 30 June 2025.

The Group's average inventory turnover days during the Relevant Period were 39.4 days, representing a year-on-year decrease of 0.9 day compared to 40.3 days for the corresponding period of 2024. It reflects market pressures from weakened consumer spending and macroeconomic volatility. The Group is implementing responsive inventory controls to mitigate excess exposure, ensuring it is within a healthy range.

## Bank Loans and Other Borrowings

As at 30 June 2025, the Group had bank loans and other borrowings in the aggregate amount of RMB3,574.2 million, representing a year-on-year increase of 4.5% as compared to RMB3,419.0 million as at 31 December 2024.

	At 30 June 2025 <i>RMB'000</i>	At 31 December 2024 <i>RMB'000</i>
Current		
Bank loans	2,427,120	1,943,783
Other borrowings	1,147,036	1,475,202
	<u>3,574,156</u>	<u>3,418,985</u>

As at 30 June 2025, the Group's gearing ratio (calculated as total liabilities divided by total assets) was 55.7%, representing a decrease of 1.4 percentage point compared to the 57.1% recorded as at 31 December 2024.

### **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 overseas, and they are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong dollars and US dollars. The management consider that the business is not exposed to any major direct foreign exchange risks 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 exchange rates during the Relevant Period.

### **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 during the Relevant Period.

### **Employees and Remuneration Policies**

As at 30 June 2025, the Group had a total of 4,977 employees (31 December 2024: 4,403 employees). During the six months ended 30 June 2025, the Company incurred staff costs of RMB305.9 million. The salary package of employees is determined by their respective work experiences, duties and performances. The management will conduct annual review on the salary plan while taking into account the 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 and was terminated on 26 June 2025 of the tenth anniversary



of its adoption. Following the termination of the Share Option Scheme, no further options could be granted thereunder but the provisions of the Share Option Scheme would remain in force to the extent necessary to give effect to the exercise of any option granted prior to its termination. As at 1 January 2025, 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 (i.e. 1,523,264,677). As at 26 June 2025, the Company had 20,000,000 share options outstanding under the Share Option Scheme, which represented approximately 1.3% of the Company's shares in issue as at that date. During the period from 1 January 2025 to 26 June 2025, 22,191,000 share options were lapsed and no share options were granted, exercised and canceled under the Share Option Scheme.

Save as disclosed above, there was no share option scheme adopted by the Company as at 30 June 2025 and up to the date of this announcement.

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, but excluding independent non-executive directors) and officers of the Group but excluding Mr. Feng Changge. 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 talent 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 of the Company (the “**Shareholders**”) to enhance the long-term financial performance of the Company. The Share Award Plan was expired on 26 June 2025. During the period from 1 January 2025 to 26 June 2025, the maximum aggregate number of Shares to be acquired by the Trustee under the Share Award Scheme is 60,000,000 Shares, representing 3.94% of the Shares in issue (i.e. 1,523,264,677) and a total of 30,000,000 shares were granted and vested under the Share Award Scheme. As at 26 June 2025, 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 period from 1 January 2025 to 26 June 2025, no shares were granted, vested, lapsed and canceled under the Share Award Scheme.

Save as disclosed above, there was no share award scheme adopted by the Company as at 30 June 2025 and up to the date of this announcement. 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 interim report of the Company for the six months ended 30 June 2025 to be published in due course. The Company will regularly review its remuneration policies and employees' benefits with reference to market practices and individual performance.

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

During the six months ended 30 June 2025 and up to the date of this announcement, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's securities listed on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") (including sale of treasury shares).

As at 30 June 2025, there was no treasury share held by the Company.

## **MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE**

During and after the Relevant Period, the Company (as vendor), EGL (a company wholly-owned by Mr. Feng) (as purchaser) and Mr. Feng (as purchaser's guarantor) entered into the Agreement, pursuant to which, among other things, the Company has conditionally agreed to dispose of, and EGL has conditionally agreed to acquire, (i) the Sale Shares, representing 45% of the Restructured Capital of the Disposal Company, at the Sale Shares Consideration of RMB250,000,000; and (ii) the Sale Loan, representing 45% of the Convertible Notes issued by the Disposal Company, at the Sale Loan Consideration of RMB80,000,000. For details, please refer to the section headed "Events After the Reporting Period" in this announcement.

Save as disclosed above, there was no material investments, acquisitions, and disposals of subsidiaries, associates and joint ventures during the Reporting Period.

## **CONNECTED TRANSACTION**

For details, please refer to the section headed "Events After the Reporting Period" in this announcement. Save as disclosed, there was no connected transaction entered into by the Group during the six months ended 30 June 2025 that is required to be disclosed under the Listing Rules.

## **EVENTS AFTER THE REPORTING PERIOD**

Reference is made to (i) the announcements of the Company dated 23 May 2025 and 22 July 2025; (ii) the circular of the Company dated 23 July 2025 (the "**Circular**") and (iii) the announcement of the Company dated 18 August 2015 in relation to, among other things, the Disposal. Capitalised terms used in this section shall have the same meanings as those defined in the Circular unless the context otherwise requires.



On 23 May 2025 and 22 July 2025, the Company (as vendor), EGL (a company wholly-owned by Mr. Feng) (as purchaser) and Mr. Feng (as purchaser's guarantor) entered into the Agreement, pursuant to which, among other things, the Company has conditionally agreed to dispose of, and EGL has conditionally agreed to acquire, (i) the Sale Shares, representing 45% of the Restructured Capital of the Disposal Company, at the Sale Shares Consideration of RMB250,000,000; and (ii) the Sale Loan, representing 45% of the Convertible Notes issued by the Disposal Company, at the Sale Loan Consideration of RMB80,000,000. The aggregate amount of the Consideration of RMB330,000,000 shall be fully set off against the outstanding principal amount of the CS Loans of RMB330,000,000 owing by the Company to EGL as at Disposal Completion on a dollar-for-dollar basis.

On 18 August 2025, all the Conditions had been satisfied and the Disposal Completion took place on 18 August 2025 in accordance with the terms and conditions of the Agreement. Following the Disposal Completion, the Company continues to hold 55% equity interests in the Disposal Company and members of the Disposal Group remain as subsidiaries of the Company, and their financial results, assets and liabilities will continue to be consolidated into the Group's consolidated financial statements.

Save as disclosed above, there was no significant event that would have any material impact on the Group.

## **FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS**

Saved as disclosed in this announcement, the Group did not have specific plan for material investments and capital assets with a value of 5% or more of the Group's total assets. In the event that the Group is engaged in any plan for material investments or capital assets, the Company will make announcement(s) and comply with relevant requirements under the Listing Rules as and when appropriate.

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

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

## **INTERIM DIVIDEND**

At the meeting of the Board held on 29 August 2025, the Board resolved not to pay interim dividends to the Shareholders (2024: Nil).

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

The Board has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability. For the six months ended 30 June 2025, the Company has complied with the applicable principles and code provisions of the Corporate Governance Code (the “**CG Code**”) as set out in Part 2 of Appendix C1 to the Listing Rules.

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. The Company believes that effective corporate governance is an essential factor to create more values for the Shareholders.

The Group is committed to developing a positive and progressive culture that is built on its culture which focuses on simplicity, efficiency and happiness. More information about its culture is available on the Company’s website. The Company believes that such culture can enable the Company to deliver long-term sustainable performance to the Shareholders.

## **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 have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended 30 June 2025.

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.

## **SUFFICIENCY OF THE PUBLIC FLOAT**

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

## **AUDIT COMMITTEE**

The Company established the audit committee (the “**Audit Committee**”) with written terms of reference in compliance with the requirements of the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee consists of 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 reviewed the unaudited interim results for the six months ended 30 June 2025 which are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures requirements of Appendix D2 to the Listing Rules have been duly made. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

## **PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT**

The interim results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hexieauto.com>). The interim report will be dispatched to the Shareholders upon request and will be published on the aforesaid websites in due course.

## **APPRECIATION**

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

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

Zhengzhou, PRC, 29 August 2025

*As of the date of this announcement, the executive Directors of the Company are Mr. Feng Changge, 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.*