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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)

DISCLOSEABLE TRANSACTION

PROPOSED SUBSCRIPTION AND DEEMED DISPOSAL OF EQUITY INTEREST IN A SUBSIDIARY

SHARE SUBSCRIPTION AGREEMENT

The Board announces that on 1 September 2025 (after trading hours), the Target Company (a non-wholly owned subsidiary of the Company), the Company, EGL and the Subscriber entered into the Share Subscription Agreement, pursuant to which, the Subscriber conditionally agreed to subscribe for, and the Target Company conditionally agreed to allot and issue, the Subscription Shares, representing 9.9999% of the enlarged issued share capital of the Target Company, at the Subscription Amount.

SHAREHOLDERS' AGREEMENT

In connection with the Proposed Subscription, on 1 September 2025 (after trading hours), the Target Company, the Company, EGL and the Subscriber entered into the Shareholders' Agreement to define and regulate the respective rights and obligations of the shareholders of the Target Company upon the Closing.

LISTING RULES IMPLICATIONS

Given that, upon Closing, the shareholding interest in the Target Company directly held by the Company will be diluted from 55.00% to 49.5001%, the Proposed Subscription and the transactions contemplated thereunder constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules. Pursuant to the Voting Proxy Agreement, the Company will control the exercise of 90.0001% of voting rights in the Target Company, and will continue to consolidate the results of the Target Group after the Proposed Subscription, with the Target Company remained as a non-wholly owned subsidiary of the Company.

As some of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Subscription and the transactions contemplated thereunder is more than 5% but less than 25%, the Proposed Subscription and the transactions contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that on 1 September 2025 (after trading hours), the Target Company (a non-wholly owned subsidiary of the Company), the Company, EGL and the Subscriber entered into the Share Subscription Agreement, pursuant to which, the Subscriber conditionally agreed to subscribe for, and the Target Company conditionally agree to allot and issue, the Subscription Shares at the Subscription Amount.

THE SHARE SUBSCRIPTION AGREEMENT

Date

1 September 2025 (after trading hours)

Parties

(i) the Subscriber;

(ii) the Target Company;

(iii) the Company; and

(iv) EGL.

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

The Proposed Subscription

Pursuant to the Share Subscription Agreement, the Subscriber conditionally agreed to subscribe for, and the Target Company conditionally agreed to allot and issue, the Subscription Shares, representing 9.9999% of the enlarged issued share capital of the Target Company, at the Subscription Amount.

The Subscription Shares shall be duly authorised and issued as fully paid, and rank pari passu in all respects with all other shares of the same class in the Target Company outstanding on the Closing Date and be entitled in accordance with the amended and restated articles of association of Target Company to all dividends and distributions attached to the shares in Target Company the record date for which falls on a date on or after the Closing Date.

The Subscription Amount and its basis of determination

The Subscription Amount, being US$40,000,000 (equivalent to approximately RMB285.3 million), was arrived at after arm's length negotiations between the Target Company and the Subscriber with reference to, among others, (i) the unaudited consolidated financial results of the Target Company as at 30 April, 2025 and 31 December, 2024; (ii) the future business prospects of the Target Group; and (iii) the reasons for and benefits of the Proposed Subscription as described under the section headed "Reasons for and benefits of the Proposed Subscription" below.

Subject to the fulfilment of the conditions precedent (for details, please refer to the section headed "Conditions precedent" below in this announcement), the Subscriber shall pay the Subscription Amount in cash to the Target Company at Closing in a manner as stipulated in the Share Subscription Agreement. The Subscription Amount shall be settled by the internal resources of the Subscriber.

Indemnity

Each of EGL, the Company and the Target Company hereby, subject to the limitation of liabilities set out below, agree to indemnify defend and hold the Subscriber and its officers, directors, employees, affiliates, agents and assigns harmless from and against any and all losses, inter alia, arising from breach or non-performance of the Share Subscription Agreement, the Shareholders' Agreement and the memorandum and articles of association of the Target Company. Notwithstanding the foregoing, the Company shall have liabilities pro rata to its shareholding in the Target Company vis-à-vis EGL.

Termination

The Share Subscription Agreement may be terminated upon the following events:

(a) by mutual written consent of the Company, EGL, the Target Company and the Subscriber;

(b) by either the Company, EGL, the Target Company or the Subscriber, if the Proposed Subscription shall not have been consummated on or before the date that is ninety (90) days after the date of the Share Subscription Agreement, unless extended by written agreement of the parties hereto, provided that any party whose failure to perform its obligations causes such consummation not to occur by the specified date shall not be able to terminate the Share Subscription Agreement and abandon such Proposed Subscription;

(c) by any non-breaching party by written notice to the breaching party if there has been a breach by the breaching party of any of the representations, warranties, covenants or agreements which would result in the failure to satisfy any of the applicable conditions precedents and such breach has not been cured within thirty (30) days of such written notice;

(d) by either the Company, EGL, the Target Company or the Subscriber, if any governmental authority shall have issued an order or taken any other action enjoining or otherwise prohibiting the Proposed Subscription and such order shall have become final and non-appealable, unless the failure to consummate the Proposed Subscription because of such order shall be primarily due to the failure of the party proposing to terminate the Share Subscription Agreement.

Closing

Closing is expected to take place on the Closing Date after all the conditions precedents to the Closing have been fulfilled or waived (where applicable) (or such other date as the parties to the Share Subscription Agreement may agree in writing) in accordance with the terms and conditions of Share Subscription Agreement, including, among others, (i) the Target Company has completed the Capital Restructuring; and (ii) the special shareholder rights granted under the Share Subscription Agreement, the Shareholders' Agreement and the memorandum and articles of association of the Target Company and the exhibits attached to the foregoing shall be reflected in the amended and restated articles of association of the Target Company. The shareholding structure of the Target Company (i) as at the date of this announcement; and (ii) immediately upon Closing is set out below:

Shareholders	**As at the date of this announcement**		**Immediately upon Closing**	
	No. of shares	*Approximate %*	*No. of shares*	*Approximate %*
Company	42,438,271	55.00	42,438,271	49.5001
EGL	34,722,222	45.00	34,722,222	40.5000
Subscriber	—	0.00	8,573,293	9.9999
Total	77,160,493	100.00	85,733,786	100.0000

THE SHAREHOLDERS' AGREEMENT

In connection with the Proposed Subscription, on 1 September 2025 (after trading hours), the Target Company, the Company, EGL and the Subscriber entered into the Shareholders' Agreement to define and regulate the respective rights and obligations of the shareholders of the Target Company upon the Closing.

Date

1 September 2025 (after trading hours)

Parties

(i) the Subscriber;

(ii) the Target Company;

(iii) the Company; and

(iv) EGL.

To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

Subject matter

The Subscriber, the Company, EGL and the Target Company entered into the Shareholders' Agreement to define and regulate the respective rights and obligations of the shareholders of the Target Company and the Target Company's conduct of its activities and affairs, and to set out the agreements and arrangements for the management of the business operations and the governance of the Target Company upon the Closing.

Effectiveness

The Shareholders' Agreement shall be effective and binding upon the parties on the Closing.

Restrictions on transfer

EGL and the Company shall not dispose of any shares of the Target Company held directly or indirectly by them in any means without the prior written consent of the Subscriber and in accordance with the terms and conditions of the Shareholders' Agreement. The Subscriber shall not be permitted to transfer any shares of the Target Company to a competitor of the Target Company (excluding the Subscriber's affiliates).

Right of first refusal

Subject to the provisions of the Shareholders' Agreement, if any of the EGL and the Company receives a bona fide offer to purchase all or any part of its shares in the Target Company, the Subscriber shall have the right but not the obligation to purchase all or part of such shares of the Target Company at the price and on the terms of the said transfer offer.

Tag-along right

In the event that any of the EGL and the Company receives a bona fide offer to purchase its shares in the Target Company from any party other than an affiliate that would result in the offeror owning more shares of the Target Company than those owned collectively by EGL and the Company after such proposed transfer, the Subscriber may at its sole discretion choose to sell all or any portion of the shares in the Target Company at the same price and under the same terms and conditions.

Pre-emptive rights

Subject to the provisions of the Shareholders' Agreement, in the event that the Target Company intends to issue any shares or equity interests (including securities that are convertible into or exchangeable for shares or other equity interests) ("**New Securities**") after the date of the Shareholders' Agreement, the Target Company shall provide each shareholder the right to subscribe for its respective pro rata share of the New Securities.

Anti-dilution

Subject to the provisions of the Shareholders' Agreement and without the prior written consent of the Subscriber, the Target Company shall not issue new shares at a price lower than the per-share Subscription Amount paid by the Subscriber. The Subscriber has the right to require the Target Company, EGL and the Company to compensate in the manner as specified in the Shareholders' Agreement even if the consent of the Subscriber is obtained in the event the per-share subscription price received is lower than the per-share Subscription Amount.

Board of directors

The board of directors of the Target Company shall consist of five (5) directors, of which two (2) directors shall be nominated by EGL, two (2) directors shall be nominated by the Company and one (1) director shall be nominated by the Subscriber. At any time and in its sole discretion, the Subscriber may remove and/or replace any director nominated by it. Certain reserved matters where the affirmative vote of the director nominated by the Subscriber shall be required.

Shareholders meeting

Each share shall entitle its holder to one vote. Certain reserved matters require affirmative votes of the Subscriber apart from those permitted or contemplated in the Shareholders' Agreement.

Dividend policy

Following the end of each financial year and in the event the Target Company has any distributable profits, the board of Target Company shall, upon the request of the Subscriber, pay dividends of not less than 20% of the Distributable Profits of that financial year, provided that such dividend shall be up to 60% of the respective Distributable Profits as per Subscriber's sole discretion after 1 January 2030. Such dividend shall be distributed to the shareholders of the Target Company whose subscription price has been fully paid, in proportion to their respective shareholdings.

Liquidation Preference

In the event the Target Company encounters the liquidation circumstances or is liquidated either by statutory means, contractual means or other means, voluntary or otherwise, and has entered the liquidation procedure stage, then the Target Company's assets or the sales proceeds (where applicable) shall be distributed after having paid the relevant liquidation expenses, employees' wages, social insurance expenses and statutory compensation, due tax payments, and repaying the Target Company's debts in accordance with applicable laws and the Target Company's memorandum and articles of association in the following manner:

(1) first, to the Subscriber the amount ("**Priority Repayment Amount**"), being the Subscription Amount and the rate of return of 10% per annum adjusted in accordance with the time between payment date of the Subscription Amount and the receipt date of the Priority Repayment Amount minus any income (including dividends and bonuses) received by the Subscriber; and

(2) the remaining being distributed among the shareholders other than the Subscriber pro rata to their then-existing shareholdings, which shall exclude employee incentive shares that have not yet been granted to the participants of any qualified employee equity incentive programs.

Most-Favoured Nation

In the event the Target Company grants to any persons in any equity financing, or financial instruments that can be converted into equities of the Company, as and when converted into equities, the rights, privileges or protections that are more favourable than those of the Subscriber, the Subscriber shall be entitled to enjoy the same rights, privileges and protections as such person without the need to provide any additional consideration, and shall be entitled to exercise such rights, privileges or protections in accordance with the applicable transaction agreements, unless the Subscriber waives such entitlement.

Indemnity

The directors of the Target Company shall not be liable for, and shall be indemnified and held harmless by the Target Company to the maximum extent permitted by law against, any losses, liabilities and reasonable expenses (including reasonable attorneys' fees) arising from proceedings in which such indemnitee may be involved, as a party or otherwise, by reason of he or she being a director of the Target Company, or by reason of his or her involvement in the management of the affairs of the Target Company, whether or not he or she continues to be such at the time any such loss is paid or incurred, save for those arising out of the fraud, intentional misconduct, or knowing or reckless breach of indemnitee's obligations under the Shareholders' Agreement, or bad faith of such indemnitee.

VOTING PROXY ARRANGEMENT

In light of the Proposed Subscription and to enable the Company to maintain statutory control in the Target Company, EGL and the Company enter into the Voting Proxy Agreement, pursuant to which EGL agreed to irrevocably authorize the Company to exercise on behalf of EGL all of its rights as a shareholder of the Target Company in respect of 40.5% shareholding interest in the Target Company held by EGL, which included, among all, to attend the shareholders' meeting, exercise shareholders' voting rights, and nominate, designate and appoint key management personnel of the Target Company. The Voting Proxy Agreement is irrevocable and shall only be terminated upon by mutual written consent of EGL and the Company.

INFORMATION OF THE PARTIES

The Group

The Company is an investment holding company and is incorporated in the Cayman Islands and the Shares are listed on the Main Board of the Stock Exchange (stock code: 3836). As a leading pure luxury and ultra-luxury car dealer group in the PRC, the Group focuses on the main business of selling luxury and ultra-luxury cars, and owns advantageous brands such as Rolls-Royce, Bentley, Ferrari, BMW and Lexus.

The Target Company is an exempted company incorporated with limited liability under the laws of the Cayman Islands and is a direct non-wholly owned subsidiary of the Company. The Target Group is principally engaged in the overseas sales and after-sales services of NEVs under the BYD brand.

The Subscriber

The Subscriber is a company incorporated under the laws of the British Virgin Islands with limited liability. The Subscriber is principally engaged is investment holding. It is the indirect wholly owned subsidiary of BYD Company Limited (stock code of H shares: 01211 (HKD counter) and 81211 (RMB counter) and stock code of A shares: 002594). To the best knowledge, information and belief of the Board and after making all reasonable enquiries, the Subscriber and its ultimate beneficial owner(s) are third parties independent of and not connected with the Company and its connected persons.

EGL

EGL was wholly-owned by Mr. Feng, who was the Chairman of the Board, an executive Director and a controlling Shareholder interested in 708,364,660 Shares, representing approximately 46.50% of the total issued share capital of the Company.

FINANCIAL INFORMATION OF THE TARGET GROUP

The unaudited consolidated financial information of the Target Group for each of the two financial years ended 31 December 2023 and 2024 is set out below:

	For the year ended 31 December	
	2023	**2024**
	RMB million	***RMB million***
Loss before tax	13.5	192.9
Loss after tax	13.5	194.9

The unaudited consolidated net liabilities attributable to the owners of the Target Group as at the Management Account Base Date was approximately RMB 264.27 million.

FINANCIAL IMPACT TO THE COMPANY

As at the date of this announcement, the Target Company is a non-wholly owned subsidiary of the Company.

Upon Closing, the Target Company will be held as to 49.5001% directly by the Company, as to 40.5000% directly by EGL and as to 9.9999% directly by the Subscriber. Pursuant to the Voting Proxy Agreement, the Company will control the exercise of 90.0001% of voting rights in the Target Company, and will continue to consolidate the results of the Target Group after the Proposed Subscription, with the Target Company remained as a non-wholly owned subsidiary of the Company.

It is estimated that the Company will record an increase in equity (reserves) of approximately RMB157.09 million upon Closing, which is calculated with reference to the Subscription Amount of US$40,000,000 (equivalent to RMB285.3 million), less the unaudited consolidated net liabilities value of the Target Group attributable to the Company as at 30 April 2025 of approximately RMB264.27 million.

Shareholders are advised that the excess of Subscription Amount received recognised in equity in relation to the deemed disposal is for illustrative purposes only and is estimated based on the information currently available. The actual amount to be recognised in the consolidated financial statements of the Group will be determined with reference to the financial status of the Target Company upon the Closing.

The Subscription Amount will be used for general working capital of the Target Group.

REASONS FOR AND BENEFITS OF THE PROPOSED SUBSCRIPTION

The Proposed Subscription is grounded in the long-term strategic alignment between the Subscriber and the Company, as well as the Subscriber's recognition of the Company's strong brand operation capabilities and valuable overseas channels. The Proposed Subscription will deepen the cooperation and accelerate market expansion for BYD-branded NEVs overseas, encompassing both sales and after-sales services. Furthermore, it will optimise the Company's capital structure, enhance its overall competitiveness, and create sustainable long-term value for its Shareholders.

In view of the above, the Directors (including the independent non-executive Directors) consider that the terms of the Proposed Subscription and the transactions contemplated thereunder are fair and reasonable, on normal commercial terms, and in the interests of the Company and the Shareholders as a whole.

LISTING RULES IMPLICATION

Given that, upon Closing, the shareholding interest in the Target Company directly held by the Company will be diluted from 55.00% to 49.5001%, the Proposed Subscription and the transactions contemplated thereunder constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules. Pursuant to the Voting Proxy Agreement, the Company will control the exercise of 90.0001% of voting rights in the Target Company, and will continue to consolidate the results of the Target Group after the Proposed Subscription, with the Target Company remained as a non-wholly owned subsidiary of the Company.

As some of the applicable percentage ratio (as defined under Rule 14.07 of the Listing Rules) in respect of the Proposed Subscription and the transactions contemplated thereunder is more than 5% but less than 25%, the Proposed Subscription and the transactions contemplated thereunder constitutes a discloseable transaction of the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

In this announcement, the following expressions have the meanings set out below unless the context requires otherwise:

"affiliate"	of any particular person means any other person directly or indirectly, through one or more intermediaries, controlling, controlled by or under common control with such particular person
"Board"	the board of Directors
"Capital Restructuring"	the capital restructuring and subsequent disposal of the Target Company, details of which are disclosed in the circular of the Company dated 23 July 2025
"Closing"	closing of the Proposed Subscription in accordance with the Share Subscription Agreement
"Closing Date"	a date no later than twenty business days (as defined in the Share Subscription Agreement) after all the conditions precedents to the Closing have been fulfilled or waived (where applicable) (or such other date as the parties to the Share Subscription Agreement may agree in writing)

"Company"	China Harmony Auto Holding Limited (stock code: 3836), a company incorporated in the Cayman Islands with limited liability, the issued Shares of which are listed on the Main Board of the Stock Exchange
"connected person"	has the same meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company, from time to time
"Distributable Profits"	accumulated profits realized by the Target Company on a consolidated basis in that financial year (including retained earnings from prior periods), net of taxes reserves and other reserves (if any) set aside in accordance with applicable laws or the memorandum and articles of association of the Target Company, and working capital to be reserved for the operation of the Target Group as reasonably determined by the board of the Target Company
"EGL"	Epower Global Limited, a company incorporated in the British Virgin Islands with limited liability and is wholly-owned by Mr. Feng
"Group"	the Company and its subsidiaries, from time to time
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Management Account Base Date"	30 April 2025
"Mr. Feng"	Mr. Feng Changge (馮長革), the Chairman of the Board, an executive Director and a controlling Shareholder interested in 708,364,660 Shares, representing approximately 46.50% of the total issued share capital of the Company as at the date of this announcement
"NEVs"	new energy vehicles

"PRC"	the People's Republic of China which, for the purpose of this circular, exclude Hong Kong, the Macao Special Administrative Region of the PRC and Taiwan
"Proposed Subscription"	the subscription of the Subscription Shares by the Subscriber pursuant to the Share Subscription Agreement
"Share(s)"	ordinary share(s) of HK$0.01 each in the issued capital of the Company
"Share Subscription Agreement"	the share subscription agreement dated 1 September 2025 entered into among the Company, EGL, Target Company and Subscriber in relation to the Proposed Subscription
"Shareholder(s)"	holder(s) of the Share(s)
"Shareholders' Agreement"	the shareholders' agreement dated 1 September 2025 entered into among the Company, the Target Company, EGL and Subscriber
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subscription Amount"	US$40,000,000 (equivalent to approximately RMB285.3 million), being the subscription amount for the Proposed Subscription pursuant to the Share Subscription Agreement
"Subscriber"	Golden Link Worldwide Limited, a company incorporated with limited liability under the laws of the British Virgin Islands
"Subscription Shares"	8,573,293 new ordinary shares in the Target Company to be allotted and issued by the Target Company pursuant to the Share Subscription Agreement
"Target Company"	iCar Group Limited, an exempted company incorporated with limited liability under the laws of the Cayman Islands
"Target Group"	the Target Company and its subsidiaries
"Voting Proxy Agreement"	the voting proxy agreement dated 1 September 2025 entered into between the Company and EGL

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"RMB"	Renminbi, the lawful currency of the PRC
"US$"	United States dollars, the lawful currency of the United States of America
"%"	per cent.

For the purpose of this announcement, unless otherwise specified, the conversion of US$ into RMB is based on the approximate exchange rate from US$1 to RMB7.13267. The exchange rate is adopted for illustration purpose only and does not constitute a representation that any amounts have been, could have been, or may be, exchanged at this rate or any other rate at all.

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

Zhengzhou, PRC, 1 September 2025

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