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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 2025**

RESULTS HIGHLIGHTS:

- For the year ended 31 December 2025, revenue of the Group amounted to approximately RMB20,026.9 million, representing an increase of approximately RMB4,409.5 million or approximately 28.2% as compared with that in the same period of 2024. Among them, revenue from Hong Kong and overseas operations amounted to approximately RMB8,574.8 million, representing an increase of around 3.8 times as compared with the revenue for the same period in 2024.
- For the year ended 31 December 2025, the Group recorded a sales volume of new vehicles of 71,498 units, representing a year-on-year increase of 77.6%. The sales volume from Hong Kong and overseas operations contributed 40,499 units to this total, representing an increase of around 4.8 times as compared with the sales volume for the same period in 2024.
- For the year ended 31 December 2025, gross profit of the Group amounted to approximately RMB1,177.9 million.
- For the year ended 31 December 2025, loss for the year attributable to the owners of the Company amounted to approximately RMB635.0 million.
- For the year ended 31 December 2025, basic and diluted loss per share attributable to owners of the Company were RMB0.417.

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 2025 (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 2025 and contains the audited consolidated financial statements of the Group for the year ended 31 December 2025.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2025

	<i>Notes</i>	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
REVENUE	5	20,026,877	15,617,447
Cost of sales and services		<u>(18,849,003)</u>	<u>(14,917,715)</u>
GROSS PROFIT		1,177,874	699,732
Other income and gains, net	6	274,035	580,687
Impairment loss on advances to and interest receivable from Independent Aftersales Company (“ IAC ”)		(57,243)	(139,585)
Selling and distribution expenses		(1,290,971)	(905,257)
Administrative expenses		<u>(568,385)</u>	<u>(375,145)</u>
OPERATING LOSS		(464,690)	(139,568)
Finance costs	7	(249,314)	(174,573)
Share of losses of joint ventures		(211)	(3)
Share of losses of associates		<u>—</u>	<u>(3)</u>
LOSS BEFORE TAX		(714,215)	(314,147)
Income tax (expense)/credit	8	(9,353)	28,412
LOSS FOR THE YEAR	9	<u>(723,568)</u>	<u>(285,735)</u>

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
Other comprehensive loss after tax:			
<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		—	(45,000)
<i>Items that are or may be reclassified to profit or loss:</i>			
Exchange differences on translating foreign operations		<u>(7,936)</u>	<u>(12,976)</u>
Other comprehensive loss for the year, net of tax		<u>(7,936)</u>	<u>(57,976)</u>
Total comprehensive loss for the year		<u>(731,504)</u>	<u>(343,711)</u>
(Loss)/profit for the year attributable to:			
Owners of the Company		(634,991)	(291,070)
Non-controlling interests		<u>(88,577)</u>	<u>5,335</u>
		<u>(723,568)</u>	<u>(285,735)</u>
Total comprehensive (loss)/income for the year attributable to:			
Owners of the Company		(634,984)	(349,046)
Non-controlling interests		<u>(96,520)</u>	<u>5,335</u>
		<u>(731,504)</u>	<u>(343,711)</u>
Loss per share attributable to owners of the Company			
Basic (RMB)	10	<u>(0.417)</u>	<u>(0.20)</u>
Diluted (RMB)		<u>(0.417)</u>	<u>(0.20)</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2025

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		3,155,037	3,266,348
Right-of-use assets		1,614,225	1,265,128
Intangible assets		130,591	136,196
Goodwill		197,569	195,778
Prepayments and other assets		2,495	7,392
Finance lease receivables		212,054	184,038
Investments in joint ventures		1,929	2,140
Investments in associates		—	—
Financial assets at fair value through other comprehensive income		30,791	31,669
Deferred tax assets		152,352	135,141
		<hr/>	<hr/>
Total non-current assets		5,497,043	5,223,830
CURRENT ASSETS			
Finance lease receivables		145,606	174,280
Inventories	11	2,351,926	1,921,892
Trade receivables	12	388,198	285,972
Prepayments, other receivables and other assets		2,568,800	3,203,840
Financial assets at fair value through profit or loss (“FVTPL”)		2,167	2,957
Pledged and restricted bank deposits		333,077	313,845
Cash in transit		55,409	12,715
Cash and bank balances		1,561,759	1,107,974
		<hr/>	<hr/>
Total current assets		7,406,942	7,023,475

	<i>Notes</i>	2025 RMB'000	2024 RMB'000
CURRENT LIABILITIES			
Bank loans and other borrowings		4,039,529	3,418,985
Trade and bills payables	13	759,528	855,245
Contract liabilities		531,340	879,282
Other payables and accruals		634,806	444,559
Lease liabilities		313,090	195,251
Income tax payable		11,248	10,435
		<hr/>	<hr/>
Total current liabilities		6,289,541	5,803,757
		<hr/>	<hr/>
NET CURRENT ASSETS		1,117,401	1,219,718
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,614,444	6,443,548
		<hr/>	<hr/>
NON-CURRENT LIABILITIES			
Lease liabilities		1,373,800	1,128,522
Convertible notes at FVTPL		122,060	—
Deferred tax liabilities		64,220	61,790
		<hr/>	<hr/>
Total non-current liabilities		1,560,080	1,190,312
		<hr/>	<hr/>
NET ASSETS		5,054,364	5,253,236
		<hr/> <hr/>	<hr/> <hr/>
EQUITY			
Equity attributable to owners of the Company			
Share capital		12,083	12,083
Reserves		4,797,726	5,161,643
		<hr/>	<hr/>
		4,809,809	5,173,726
Non-controlling interests		244,555	79,510
		<hr/>	<hr/>
TOTAL EQUITY		5,054,364	5,253,236
		<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 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 Mainland China and Overseas.

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 (“**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 Change (the Chairman and a 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 2025 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 financial assets and financial liabilities which are measured at fair value.

The preparation of 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 HKFRS Accounting Standards issued by the HKICPA to these consolidated financial statements for the current accounting period:

- Amendments to HKAS 21, The effects of changes in foreign exchange rates
- Lack of exchangeability

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 2025

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 2025 and which have not been adopted in these consolidated financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Amendments to the classification and measurement of financial instruments	1 January 2026
Amendments to HKFRS 9, Financial instruments and HKFRS 7, Financial instruments: disclosures — Contracts referencing nature-dependent electricity	1 January 2026
Annual improvements to HKFRS Accounting Standards — 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 HKAS 21, Translation to a Hyperinflationary Presentation Currency	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

HKFRS 18 will replace HKAS 1 Presentation of Financial Statements, introducing new requirements that will help to achieve comparability of the financial performance of similar entities and provide more relevant information and transparency to users. Even though HKFRS 18 will not impact the recognition or measurement of items in the financial statements, its impacts on presentation and disclosure are expected to be pervasive, in particular those related to the consolidated statements of profit or loss and providing management-defined performance measures within the financial statements.

Management is currently assessing the detailed implications of applying the new standard on the Group's consolidated financial statements. The Group expects to apply the new standard from its mandatory effective date of 1 January 2027. Retrospective application is required, and so the comparative information for the financial year ending 31 December 2026 will be restated in accordance with HKFRS 18.

Except for the abovementioned changes in presentation and disclosure, these pronouncements are not expected to have a material impact on the results or the financial position of the Group.

Certain comparative figures have been regrouped to conform with the current year's presentation of the consolidated financial statements.

4. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale of automobiles and provision of after-sales services.

The Group determines its operating segments based on the reports reviewed by the chief operating decision maker (the "CODM") for the purposes of resource allocation and performance assessment. The CODM has been identified as the Board of Directors. Information reported to the CODM does not contain discrete financial information for different business activities and the CODM reviews the Group's financial performance on a consolidated basis. Accordingly, the Group has determined that it operates in one single reportable operating segment.

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	
	2025	2024	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>	<i>RMB'000</i>
Mainland China	11,452,080	13,828,956	3,414,661	4,075,953
Hong Kong and Overseas	8,574,797	1,788,491	2,082,382	1,147,877
	<u>20,026,877</u>	<u>15,617,447</u>	<u>5,497,043</u>	<u>5,223,830</u>

Information about major customers

For the years ended 31 December 2025 and 2024, no revenue derived from transactions with a single customer represent 10% or more of the Group's total revenue.

5. REVENUE

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Revenue from contracts with customers within the scope of HKFRS 15		
<i>Disaggregated by major products or service lines</i>		
— Revenue from the sale of automobiles and others	17,895,990	13,373,660
— Provision of after-sales services	2,098,772	2,200,713
<i>Revenue from other sources</i>		
— Finance leasing services	32,115	43,074
	<u>20,026,877</u>	<u>15,617,447</u>

Disaggregation of revenue from contracts with customers:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Type of goods or services		
— Sale of automobiles and others	17,895,990	13,373,660
— Provision of after-sales services	2,098,772	2,200,713
Total revenue from contracts with customers	<u>19,994,762</u>	<u>15,574,373</u>

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Timing of revenue recognition		
— Goods received by the customer at a point in time	17,895,990	13,373,660
— Services rendered at a point in time	2,098,772	2,200,713
Total revenue from contracts with customers	<u>19,994,762</u>	<u>15,574,373</u>

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:

	2025	2024
	<i>RMB'000</i>	<i>RMB'000</i>
Sale of automobiles and others	715,129	416,074
Provision of after-sales services	97,231	87,126
	<u>812,360</u>	<u>503,200</u>

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 rendered and the payment is generally settled when the services are rendered.

6. OTHER INCOME AND GAINS, NET

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Commission income	447,860	472,772
Interest income from advances to IAC (<i>note 1</i>)	—	33,339
Advertisement support received from motor vehicle manufacturers	28,798	28,143
Interest income from loans to third parties	—	2,668
Bank interest income	9,867	14,518
Government grants (<i>note 2</i>)	3,877	3,469
Rental income	9,832	3,844
Loss on disposals of property, plant and equipment	(28,585)	(16,026)
Loss on written off of property, plant and equipment arising from store closures	(176,942)	(805)
Foreign exchange loss	(11,660)	(3,732)
Penalty income	2,974	1,083
Sale of second hand automobiles and others	28,231	34,892
Fair value loss from financial assets at FVTPL	(814)	(909)
Fair value loss on convertible notes	(42,060)	—
Donation	(5,404)	—
Others	8,061	7,431
	<u>274,035</u>	<u>580,687</u>

Notes:

- Advances to IAC are measured at amortised cost. As these advances have been past due for a prolonged period, the Group considers the balances to be credit-impaired (Stage 3) and has recognized a corresponding partial impairment loss. In accordance with HKFRS 9, for financial assets that are credit-impaired at the reporting date, interest income is calculated by applying the effective interest rate to the net carrying amount. Given that the future interest cash flows are assessed by management as unrecoverable, no interest income has been recognized in the consolidated statement of profit or loss for the year ended 31 December 2025.
- 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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Interest on bank loans and other borrowings	175,705	114,593
Interest on convertible notes at FVTPL	1,184	—
Leases interests	78,029	62,706
	<u>254,918</u>	<u>177,299</u>
Less: Interest capitalised	(5,604)	(2,726)
	<u>249,314</u>	<u>174,573</u>

8. INCOME TAX EXPENSE/(CREDIT)

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Current Mainland China corporate income tax		
Provision for the year	9,027	11,435
Current tax — Overseas		
Provision for the year	10,261	1,943
Deferred tax	(9,935)	(41,790)
	<u>9,353</u>	<u>(28,412)</u>

9. LOSS FOR THE YEAR

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

	2025	2024
	RMB'000	RMB'000
(a) Staff costs including directors' emoluments		
Wages and salaries	631,981	441,705
Contributions to defined contribution retirement plan and other defined benefit plans	67,202	50,929
Other welfare	23,623	22,614
	722,806	515,248
(b) Other items		
Amortisation cost of intangible assets	8,104	7,487
Auditor's remuneration		
— Audit services	6,500	4,000
— Non-audit services	300	300
Bank charges	17,325	8,463
Cost of sales and services:		
Cost of sales of automobiles	17,401,323	13,456,049
Cost of aftersales services (<i>note i</i>)	1,447,680	1,461,666
	18,849,003	14,917,715
Depreciation charge of property, plant and equipment	191,077	185,217
Depreciation charge of right-of-use assets	343,595	192,231
Provision of impairment loss on property, plant and equipment	155,501	8,513
Provision of impairment loss on right of use asset	32,699	—
Impairment loss on advances to and interest receivable from Independent Aftersales Company	57,243	139,585

- (i) The employee benefit expenses of RMB100,313,000 (2024: RMB156,068,000) 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 2025 and 2024 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.

The Group also has convertible notes issued by iCar Group Limited, a subsidiary of the Company during the year ended 31 December 2025, which are convertible into ordinary shares of that subsidiary. For the years ended 31 December 2025, these convertible notes were not included in the calculation of diluted loss per share as their assumed conversion would have had an anti-dilutive effect on the basic loss per share attributable to the owners of the parent.

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Loss for the year attributable to owners of the Company used in the basic loss per share calculation	<u><u>634,991</u></u>	<u><u>291,070</u></u>
Number of shares:		
Weighted average number of ordinary shares in issue during the year used in the basic loss per share calculation	<u><u>1,523,264,677</u></u>	<u><u>1,486,521,962</u></u>

11. INVENTORIES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Automobiles	1,975,109	1,710,662
Spare parts and accessories	376,817	211,230
	<u>2,351,926</u>	<u>1,921,892</u>

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

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Carrying amount of inventories sold	18,705,997	14,687,699
Write down of inventories	37,214	10,323
Reversal of write-down of inventories	(10,323)	—
	<u>18,732,888</u>	<u>14,698,022</u>

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.

- (b) At 31 December 2025, certain of the Group's inventories with an aggregate carrying amount of approximately RMB1,508,680,000 (2024: RMB799,406,000) were pledged as security for the Group's bank loans and other borrowings.
- (c) At 31 December 2025, certain of the Group's inventories with an aggregate carrying amount of approximately RMB294,028,000 (2024: RMB125,167,000) were pledged as security for the Group's bills payables.

12. TRADE RECEIVABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade receivables	<u>388,198</u>	<u>285,972</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.

Aging analysis

As of the end of the reporting period, the aging analysis of trade debtors, based on the invoice date and net of loss allowance, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	314,027	266,712
3 to 6 months	57,807	17,386
7 to 12 months	10,388	1,791
Over 12 months	<u>5,976</u>	<u>83</u>
	<u>388,198</u>	<u>285,972</u>

13. TRADE AND BILLS PAYABLES

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Trade payables	136,106	262,632
Bills payable	623,422	592,613
	<u>759,528</u>	<u>855,245</u>

As of the end of the reporting period, the aging analysis of trade creditors and bills payable, based on the invoice date, is as follows:

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Within 3 months	727,717	792,998
3 to 6 months	16,810	51,308
6 to 12 months	15,001	10,939
	<u>759,528</u>	<u>855,245</u>

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 RMB294,028,000 (2024: RMB125,167,000) as at 31 December 2025.

14. DIVIDENDS

	2025 <i>RMB'000</i>	2024 <i>RMB'000</i>
Proposed final — Nil (2024: Nil) per ordinary share	<u>—</u>	<u>—</u>

The Board does not recommend the payment of any dividends for the year ended 31 December 2025.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

2025 was a year of structural adjustment and robust growth for the global and Chinese automotive industries, marked by a sustained recovery in the passenger vehicle market, accelerated new energy vehicle (“NEV”) penetration, intensifying competition in the luxury vehicle segment, and remarkable progress in the globalization of Chinese NEV brands. The Group’s operations were closely aligned with market trends, leveraging opportunities from overseas market expansion while proactively responding to challenges in the luxury vehicle segment.

According to the China Passenger Cars Association (“CPCA”), full-year passenger vehicle retail sales in China reached approximately 23.7 million units in 2025, representing a year-on-year increase of 3.8%. First half retail sales were approximately 10.9 million units, and second half retail sales hit approximately 12.8 million units, with December reaching a yearly high of 2.3 million units. Extended NEV tax incentives, trade-in subsidies and local policies boosted consumer demand and dealer transactions.

In 2025, a pivotal year for China’s NEV market, annual retail sales reached approximately 12.8 million units, representing a year-on-year increase of 17.6%, accounting for 53.9% of total passenger vehicle retail sales. BYD brand maintained its leading position in China with approximately 3.5 million units sold, accounting for 27.2% of the market share.

China’s luxury vehicle retail sales fell by 9.6% year-on-year to approximately 2.5 million units in 2025. Among them, first-tier brands BMW, Mercedes-Benz and Audi (collectively “BBA”) remained dominant, with combined sales of approximately 1.8 million units, accounting for 72.0% of the first-tier luxury vehicle market. BMW (including the MINI brand) retained its leading position with 625,527 units delivered, a year-on-year decrease of 12.5%; Mercedes-Benz delivered 551,900 units, a year-on-year decrease of 19.0%; Audi delivered 617,500 units, representing a year-on-year decrease of 4.9%. The sales declines were driven by consumer preference toward high-end NEVs and intense competition from emerging NEV brands.

According to TrendForce, in 2025, global sales of NEVs reached 20.53 million units, representing a year-on-year increase of 26%, and China accounted for approximately 66% of global NEV sales. In terms of export volume distribution, BYD brand took the lead in the export market with over 1.0 million units exported, more than doubling year-on-year, and its products were widely popular in Asia-Pacific, European and African markets. Chinese NEV manufacturers are accelerating their overseas localisation strategies to mitigate geopolitical and tariff risks, laying a solid foundation for long-term development.

INDUSTRY OUTLOOK

Despite recent headwinds, the outlook for China's passenger vehicle market is expected to improve from 2026 onwards, supported by fundamental shifts in government policy and supply dynamics.

Government policy is shifting decisively from direct subsidy-driven support to a framework of marketisation with long-term institutional support. The clear roadmap for the gradual reduction and eventual phase-out of NEV purchase tax exemptions by 2027 will help temper competitive intensity. This transition is expected to moderate price competition, enabling the market to evolve towards a more rational and stable phase where competition is based on product merit and service quality rather than subsidy advantage alone. The easing of price pressure will be fundamental to restoring healthy gross margins for dealership operations.

Luxury vehicle brands are becoming increasingly aligned with market electrification trends. Brands including BMW and Lexus are accelerating the rollout of electric and plug-in hybrid offerings. For example, BMW has established strategic partnerships with leading domestic battery suppliers, expanded localised electric vehicle and battery production through its joint ventures in China, and deepened cooperation with technology companies on intelligent connectivity and AI-powered in-vehicle systems. The enhanced electrified product range is expected to better cater to evolving consumer preferences in the luxury vehicle segment.

During the 2025 China Automobile Dealers Association (“CADA”) Annual Conference, CADA outlined its focus on three key areas to drive sustained retail growth in the passenger vehicle market: first, redefining the value of distribution channels to further drive transformation in the automobile industry; second, rebuilding a balanced and collaborative relationship between manufacturers and dealers to enhance the resilience of orderly and sustainable industry development; and third, fostering the development of the used car and automotive finance sectors as key endogenous drivers and growth engines for a thriving automotive market.

BUSINESS REVIEW AND OUTLOOK

During the year ended 31 December 2025, the Group delivered a strong operational performance, achieving total sales of 71,498 units. This represented a robust year-on-year increase of 77.6%, 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 40,499 units, accounting for 56.6% of total sales, while domestic sales dropped slightly to 30,999 units, accounting for 43.4% of the total sales.

Mainland China Market

In 2025, China's automotive market entered a critical transition period, with its development focus shifting from scale to quality. Sales of passenger vehicles dropped down, while the NEV penetration rate surpassed the historic threshold of 50%, driving a fundamental reshaping of industry dynamics. In response to multiple challenges, the Group made precise strategic judgments and took action across four core areas, effectively alleviating pressures and achieving stable operations.

(I) Sales: Structural Adjustment, Inventory Management and Reverse Operational Challenges

Facing profitability pressures stemming from the market environment, the Group refined its sales strategy with a focus on enhancing quality and efficiency. First, the Group proactively lowered wholesale and retail targets, concentrated efforts on high-margin, high-demand models, and accelerated the sales pace to secure profitability. Second, the Group proactively exercised strict inventory control by negotiating with manufacturers in the second half of the year, reducing wholesale and retail targets by nearly 15% and 18% respectively, thereby effectively curbing losses and reversing operational difficulties.

(II) After-Sales: Margin Focus and Incremental Growth to Strengthen Profitability

Identifying after-sales services as a core profit driver, the Group advanced a shift in business focus from "pursuing revenue" to "improving profit margins." The Group tightly managed costs for accident repairs and expanded value-added after-sales services. During the year of 2025, the service absorption rate maintained a consistent upward trend. Notably, the BMW brand's service absorption rate exceeded 100% in 2025, providing solid support for stable store operations.

(III) Network: Cost Reduction and Layout Optimization to Boost Quality and Efficiency

Adhering to the principle of "selecting the best, eliminating the weak, enhancing quality, and controlling costs," the Group optimised its store network. The Group renegotiated rental expenses and controlled costs for existing stores to unlock profit potential, while rigorously evaluating new store openings to avoid unnecessary expansion. For luxury brand stores that have underperformed against expectations, the Group will impose a observation period and, following a comprehensive evaluation, carry out necessary closure actions. Concurrently, the Group will make full use of the properties and associated assets to proactively seek authorisations from NEV brands. Taking this as a strategic opportunity, the Group will explore increasing its exposure to NEV network, focusing primarily on leading first-tier and second-tier NEV brands, in order to achieve a more balanced brand portfolio.

(IV) Operations: Cash Flow Assurance and Risk Control to Safeguard Business Stability

Prioritising cash flow security, the Group reinforced cash flow management awareness across all employees. It reduced capital lockup by optimising inventory turnover and accelerating capital recovery, while strengthening risk prevention and control mechanisms to ensure smooth capital flow and mitigate operational risks.

Looking ahead, the Group anticipates a gradual recovery in the luxury vehicle segment, supported by the easing of industry-wide price competition and the stabilization of consumer demand. The strategic measures implemented during the downturn including network rationalization, cost control, and a shift towards profit-focused sales targets have strengthened the operational resilience of the Mainland China business. These actions are expected to enable the business to deliver improved financial performance as market conditions normalize.

Building on the stable operational foundation established in 2025, the Group will maintain its proven operational management strategies, focusing on enhancing core capabilities across sales optimisation, after-sales profitability, network upgrading, and cash flow management.

The strategic adjustments implemented during the year of 2025 covering sales optimization, inventory control, after-sales focus, and cost discipline have strengthened the operational resilience of the Mainland China luxury vehicle business. As industry-wide price competition shows signs of easing and market conditions gradually stabilize, these measures are expected to support improved financial performance for the business.

Hong Kong and Overseas Market

As of 31 December 2025, the Group's global network expansion achieved significant milestones. The Group's Hong Kong and overseas operations spanned 25 countries and 54 cities worldwide, with 120 stores in operation, comprising 96 in Asia-Pacific, 19 in Europe, and 5 in the Middle East and Africa. Deliveries in Hong Kong and overseas markets totalled 40,499 units, representing a substantial year-on-year increase of 480.7%.

The Group's overseas operations system continued to mature, with total after-sales service visits reaching 71,446 units and after-sales service revenue amounting to RMB128.5 million, representing a significant increase compared with the previous year. These results reflect concurrent improvements in service capabilities and profitability. Prudent cost control measures ensured stable operating efficiency throughout the period.

The Group achieved notable progress in the ancillary business which established a comprehensive full-chain service system encompassing retail finance, insurance, and other value-added services, while integrating one-stop export service resources. Additionally, the Group implemented a battery recycling project in Singapore, advanced the development of a zero-carbon industrial park in Malaysia, extended the new energy value chain, and cultivated differentiated competitive advantages.

The year 2026 represents a pivotal year for the Hong Kong and overseas business transition toward scalable, high-quality growth. Building on its established foundation, the Group will execute a strategy focused on “Quality Leadership, Global Deepening, Diversified Development” to facilitate the shift from scale-driven growth to quality-and profit-driven growth. First, the Group will comprehensively enhance operational quality by improving store efficiency and increasing the proportion of sales contributed by fleet customers. Second, it will implement lean operations, leveraging ancillary businesses to improve overall gross profit margins. Third, it will focus on cultivating a second growth curve, leveraging its well-established global presence to optimise resource allocation, proactively advance the new energy used vehicle business, explore business diversification, and foster new growth drivers.

Looking ahead, while consolidating its stronghold in the luxury vehicle market in Mainland China, the Group will accelerate NEV penetration and expansion in Hong Kong and overseas markets. By advancing refined operations and enhancing management efficiency, the Group is committed to achieving high-quality, steady growth and reinforcing its core competitiveness to navigate future market cycles.

FINANCIAL OVERVIEW

Revenue

For the year ended 31 December 2025, the Group recorded a total revenue of RMB20,026.9 million, representing an increase of 28.2% compared to RMB15,617.4 million in the corresponding period of 2024.

Revenue by type of goods or services

- **Sale of automobiles and others:** Revenue increased by 33.8% to RMB17,896.0 million for the year ended 31 December 2025 from RMB13,373.7 million in the corresponding period of 2024, accounting for 89.4% of the total revenue. The growth was mainly attributable to the strategic expansion of the Group’s international sales network, which broadened market reach and boosted sales volume across key regions.
- **After-sales services:** Revenue decreased slightly by 4.6% to RMB2,098.8 million for the year ended 31 December 2025 from RMB2,200.7 million in the corresponding period of 2024, accounting for 10.4% of the total revenue.

- **Finance leasing services:** Revenue decreased by 25.5% to RMB32.1 million for the year ended 31 December 2025 from RMB43.1 million in the corresponding period of 2024, accounting for 0.2% of the total revenue.

Revenue by regions

- **Mainland China:** Revenue decreased by 17.2 % to RMB11,452.1 million for the year ended 31 December 2025 from RMB13,829.0 million in the corresponding period of 2024, accounting for 57.2% 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.
- **Hong Kong and Overseas:** Revenue increased significantly by 3.8 times to RMB8,574.8 million for the year ended 31 December 2025 from RMB1,788.5 million in the corresponding period of 2024, accounting for 42.8% 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

For the year ended 31 December 2025, the Group recorded cost of sales and services of RMB18,849.0 million, representing an increase of 26.4% compared to RMB14,917.7 million in the corresponding period of 2024.

- **Sales of automobiles and others:** Cost of sales increased by 29.3% to RMB17,401.3 million for the year ended 31 December 2025 from RMB13,456.0 million in the corresponding period 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 1.0% to RMB1,447.7 million for the year ended 31 December 2025 from RMB1,461.7 million in the corresponding period of 2024 due to rise in spare parts and material costs.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2025, the Group's gross profit increased by 68.3%, reaching RMB1,177.9 million from RMB699.7 million in the corresponding period of 2024, and the gross profit margin increased by 1.4 percentage point to 5.9% from 4.5% in the corresponding period of 2024.

- **Sales of automobiles and others:** Gross profit increased by RMB577.0 million to RMB494.7 million for the year ended 31 December 2025 from gross loss of RMB82.3 million in the corresponding period of 2024. Gross profit margin recorded during the year ended 31 December 2025 was 2.8%.

- **After-sales services:** Gross profit decreased by 11.9% to RMB651.1 million for the year ended 31 December 2025 from RMB739.0 million in the corresponding period of 2024. Gross profit margin decreased slightly by 2.6 percentage point to 31.0% for the year ended 31 December 2025 from 33.6% in the corresponding period of 2024.

Other Income and Gains, Net

For the year ended 31 December 2025, the Group recorded other income and gains, net of RMB274.0 million, indicating a decline of 52.8% compared to RMB580.7 million in the corresponding period of 2024. Other income and gains primarily included commission, advertisement support received from motor vehicle manufacturers, and sales of secondhand automobiles. The decline was primarily attributable to the following:

- (i) a one-off loss on written off of approximately RMB176.9 million on property, plant and equipment due to the store adjustment to improve sales efficiency and profitability in a bid to optimise the existing sales network; and
- (ii) a non-cash fair value loss of approximately RMB42.1 million on convertible notes issued by a subsidiary of the Company. The loss arose from the remeasurement of the financial liability at fair value in accordance with the relevant accounting standards.

Selling and Distribution Expenses and Administrative Expenses

For the year ended 31 December 2025, the Group's selling and distribution expenses totaled RMB1,291.0 million, representing an increase of 42.6% compared to RMB905.3 million in the corresponding period of 2024.

For the year ended 31 December 2025, the Group's administrative expenses amounted to RMB568.4 million, representing an increase of 51.5% from RMB375.1 million in the corresponding period of 2024.

The increases in selling and distribution expenses and administrative expenses were mainly attributable to the increases in staff costs, store lease expenses, and marketing and promotional expenses (including advertising fees) as a result of the expansion of the international distribution network; as well as non-recurring impairment losses of approximately RMB155.5 million on property, plant and equipment and approximately RMB32.7 million on right-of-use assets for certain underperforming cash-generating units, recognised following a prudent impairment assessment.

Operating Loss

For the year ended 31 December 2025, the Group recorded operating loss of RMB464.7 million, representing an increase of RMB325.1 million from RMB139.6 million recorded in the corresponding period in 2024. In addition to the factors mentioned above, the increase in operating loss was also attributable to an expected credit loss of approximately RMB57.2 million on the advances to and interest receivable from the Independent Aftersales Company, Henan Hexie Automobile Aftersales Services Co., Ltd.* (河南和諧汽車維修服務有限公司) arising from its default in repaying the outstanding debts.

The Company has been actively communicating with the Independent Aftersales Company and closely monitoring its financial situation and recovery progress throughout 2025. During the year ended 31 December 2025, a principal amount of RMB45.5 million was repaid by the Independent Aftersales Company.

Finance Costs

For the year ended 31 December 2025, the Group recorded the finance costs of RMB249.3 million, representing an increase of 42.8% compared to RMB174.6 million in the corresponding period of 2024, which was mainly due to the increase of lease interests resulted from the expansion of international distribution outlets, as well as increased interest expenses on bank loans.

Loss Attributable to Owners of the Company

For the year ended 31 December 2025, the Company recorded a loss of RMB635.0 million attributable to its owners (2024: RMB291.1 million).

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 of 31 December 2025, the total cash and bank balances of the Group was RMB1,561.8 million (2024: RMB1,108.0 million).

For the year ended 31 December 2025, the net cash generated from operating activities by the Group amounted to RMB265.6 million; the net cash used in investing activities by the Group amounted to RMB253.5 million, consisting primarily of purchases of property, plant and equipment; and the net cash generated from financing activities by the Group amounted to RMB547.4 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 of 31 December 2025, the net current assets of the Group was RMB1,117.4 million, representing a decrease of 8.4% from that of RMB1,219.7 million as of 31 December 2024, primarily due to the increase in bank loans and other borrowings (please refer to the paragraph headed "LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES — Bank Loans and Other Borrowings" for details).

Capital Expenditure

The Group's capital expenditure during the Reporting Period amounted to RMB402.9 million (2024: RMB734.5 million), which was primarily used for the purchase of property, plant and equipment in relation to sales outlets.

Contingent Liabilities

As at 31 December 2025, the Group did not have any significant contingent liabilities (31 December 2024: Nil).

Inventories

The Group's inventories primarily consisted of new passenger vehicles, spare parts and automobile accessories. As of 31 December 2025, inventories increased by 22.4% to RMB2,351.9 million from RMB1,921.9 million as of 31 December 2024.

The average inventory turnover days of the Group during the Reporting Period were 41.4 days, representing a marginal decrease of 0.2 days as compared to the average inventory turnover days of 41.6 days for the corresponding period in 2024, which was mainly due to the Group's proactive inventory management, including negotiations with manufacturers in the second half of 2025.

Bank Loans and Other Borrowings

As of 31 December 2025, the Group's bank loans and other borrowings amounted to RMB4,039.5 million, representing an increase of 18.1% as compared to RMB3,419.0 million as of 31 December 2024. The increase was mainly attributable to the growth in revenue scale, which required additional funding to support expanded operations, including increased inventory procurement and working capital needs. The Group maintains a prudent approach to debt management, ensuring that borrowing levels remain commensurate with its operational requirements and financial capacity.

As of 31 December 2025, the Group's gearing ratio (calculated as total liabilities divided by total assets) was 60.8%, representing an increase of 3.7 percentage point compared to the 57.1% recorded as of 31 December 2024.

As of 31 December 2025, the Group's certain 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 RMB5.3 million (2024: RMB5.5 million); (ii) buildings in the amount of approximately RMB10.8 million (2024: RMB13.6 million); and (iii) inventories in the amount of approximately RMB1,508.7 million (2024: RMB799.4 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. Until now, the Group has not used any financial derivatives to hedge the Company's interest rate risks.

The Group's subsidiaries operate in the PRC, Asia Pacific, Europe and other regions, and they are exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Hong Kong Dollar, US Dollar, Singapore Dollar, Indonesian Rupiah, Philippine Peso and Thai Baht. Our management considers 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 year ended 31 December 2025.

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 2025.

Employees and Remuneration Policies

As of 31 December 2025, the Group had a total of 7,200 employees (2024: 4,403 employees). During the year ended 31 December 2025, the Group incurred staff costs of RMB722.8 million, reflecting a 40.3% year-over-year increase compared to RMB515.2 million in 2024. 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 employees' general performance and market conditions.

The Company operated 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, being 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 lapsed and no share options were granted, exercised or canceled under the Share Option Scheme.

Save as disclosed above, there was no share option scheme adopted by the Company from 27 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 Scheme expired on 26 June 2025. The maximum aggregate number of shares to be acquired by the trustee under the Share Award Scheme was 60,000,000 shares, representing 3.94% of the shares in issue (i.e. 1,523,264,677) as at 26 June 2025. 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 or cancelled under the Share Award Scheme.

Save as disclosed above, there was no share award scheme adopted by the Company from 27 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 annual report of the Company for the year ended 31 December 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 Reporting Period 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 defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Listing Rules**”))).

As at 31 December 2025, there was no treasury share held by the Company.

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

Disposal of 45% Equity Interests in a Subsidiary

Reference is made to (i) the announcements of the Company dated 23 May 2025, 22 July 2025 and 18 August 2025 (the “**Disposal Announcements**”); and (ii) the circular of the Company dated 23 July 2025 (the “**Circular**”), in relation to, among other things, the Company’s disposal of the 45% of the Restructured Capital of iCar Group Limited and 45% of the Convertible Notes issued by iCar Group Limited. 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, (i) 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; and (ii) the Company and EGL shall each hold 55% and 45% of the Convertible Notes respectively. For details, please refer to the Disposal Announcements and the Circular.

Deemed Disposal of Equity Interests in a Subsidiary

Reference is made to the announcements of the Company dated 1 September 2025, 10 September 2025 and 12 December 2025 (the "**Deemed Disposal Announcements**") in relation to, among other things, the subscription of 9.9999% of the enlarged issued share capital of iCar Group Limited by Golden Link Worldwide Limited which constitutes a deemed disposal of the Company. Capitalised terms used in this section shall have the same meanings as those defined in the Deemed Disposal Announcements unless the context otherwise requires.

On 1 September 2025, the Target Company (a non-wholly owned subsidiary of the Company), the Company, EGL (a company wholly-owned by Mr. Feng) 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, being US\$40,000,000 (equivalent to approximately RMB285.3 million). The Proposed Subscription and the transactions contemplated thereunder constitutes a deemed disposal pursuant to Rule 14.29 of the Listing Rules.

The Proposed Subscription was closed on 10 September 2025 in accordance with the terms and conditions of the Share Subscription Agreement. 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, and their financial results, assets and liabilities will continue to be consolidated into the Group's consolidated financial statements. For details, please refer to the Deemed Disposal Announcements.

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

CONNECTED TRANSACTION

Please refer to the transaction set out in the section headed "MATERIAL INVESTMENTS, ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE — Disposal of 45% Equity Interests in a Subsidiary" in this announcement, which also constitutes a connected transaction under Chapter 14A of the Listing Rules. Save as disclosed, there was no connected transaction entered into by the Group during the year ended 31 December 2025 that is required to be disclosed under the Listing Rules.

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.

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.

FINAL DIVIDEND

The Board does not recommend the payment of any dividends for the year ended 31 December 2025 (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 year ended 31 December 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 which focuses on simplicity, efficiency and happiness. The Company believes that such culture can enable the Company to deliver long-term sustainable performance to the Shareholders. Please visit the Company’s website for more information.

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 during the Reporting Period.

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 during the Reporting Period.

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.

2026 ANNUAL GENERAL MEETING

The annual general meeting (“**2026 AGM**”) will be held on Thursday, 18 June 2026. A notice convening the 2026 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 2026 AGM

For determining the entitlement to attend and vote at the 2026 AGM, the register of members of the Company will be closed from Monday, 15 June 2026 to Thursday, 18 June 2026, both days inclusive, during which period no transfer of shares will be registered. The record date will be Thursday, 18 June 2026. In order to qualify as members entitled to attend and vote at the 2026 AGM, the shareholders should lodge all duly signed and 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 Friday, 12 June 2026.

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 2025 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 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. One of the independent non-executive Directors has appropriate professional qualifications or expertise in accounting or related financial management.

The Audit Committee has considered and reviewed the annual results of the Group for the year ended 31 December 2025 which are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures requirements of Appendix D2 to the Listing Rules. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

The annual results announcement has been published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.hexieauto.com>). The annual report will be dispatched to the Shareholders upon request and will be published on the aforesaid websites 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 2026

As at 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.

* *for identification purpose only*