HARMONY AUTO

和諧汽車

China Harmony Auto Holding Limited

中國和諧汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03836)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2026

RESULTS HIGHLIGHTS

- The Group's revenue was approximately RMB12,149.3 million, representing an increase of approximately 26.1% from approximately RMB9,636.6 million for the same period in 2025.
- The Group's new vehicle sales reached 51,674 units, representing an increase of 68.5% from 30,666 units sold during the same period in 2025.
- The Group's gross profit was approximately RMB1,035.5 million, representing an increase of approximately 85.0% from approximately RMB559.8 million for the same period in 2025.
- The Group's net profit was RMB16.3 million, marking a turnaround from the net loss of RMB10.6 million reported by the Company for the same period in 2025 (representing an increase of approximately RMB26.9 million).
- The basic and diluted loss per share attributable to the Company's owners was RMB0.007, a slight narrowing compared to the loss of RMB0.008 for the same period in 2025.

INTERIM RESULTS

The board (the "**Board**") of directors (the "**Directors**") of China Harmony Auto Holding Limited (the "**Company**") is pleased to announce the unaudited consolidated interim financial results of the Company and its subsidiaries (collectively, the "**Group**") for the six months ended 30 June 2026 (the "**Reporting Period**"), together with comparative figures for the period ended 30 June 2025.

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

FOR THE SIX MONTHS ENDED 30 JUNE 2026

		Six months ended 30 June	
		2026	2025
		RMB'000	*RMB'000*
	Notes	**(Unaudited)**	(Unaudited)
REVENUE	*4*	**12,149,310**	9,636,608
Cost of sales and services		**(11,113,838)**	(9,076,831)
GROSS PROFIT		**1,035,472**	559,777
Other income and gains, net	*5*	**169,412**	248,285
Selling and distribution expenses		**(799,040)**	(549,248)
Administrative expenses		**(236,178)**	(166,970)
PROFIT FROM OPERATIONS		**169,666**	91,844
Finance costs	*6*	**(116,427)**	(94,894)
Share of losses of joint ventures		**—**	(144)
Share of losses of associates		**—**	—
PROFIT/(LOSS) BEFORE TAX		**53,239**	(3,194)
Income tax expense	*7*	**(36,972)**	(7,398)
PROFIT/(LOSS) FOR THE PERIOD	*8*	**16,267**	(10,592)

	Notes	Six months ended 30 June **2026** ***RMB'000*** **(Unaudited)**	 2025 *RMB'000* (Unaudited)
Other comprehensive loss after tax:			
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations		**(3,980)**	8,596
Other comprehensive loss for the period, net of tax		**(3,980)**	8,596
Total comprehensive income/(loss) for the period		**12,287**	(1,996)
(Loss)/Profit for the period attributable to:			
Owners of the Company		**(10,095)**	(11,796)
Non-controlling interests		**26,362**	1,204
		16,267	(10,592)
Total comprehensive profit/(loss) for the period attributable to:			
Owners of the Company		**13,216**	(3,200)
Non-controlling interests		**(929)**	1,204
		12,287	(1,996)
Loss per share attributable to owners of the Company	*10*		
Basic *(RMB per share)*		**(0.007)**	(0.008)
Diluted *(RMB per share)*		**(0.007)**	(0.008)

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	**30 June 2026** **_RMB'000_** **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	*11*	**3,068,815**	3,155,037
Right-of-use assets		**1,471,385**	1,614,225
Intangible assets		**127,386**	130,591
Goodwill		**196,210**	197,569
Prepayments and other assets		**4,448**	2,495
Finance lease receivables		**217,530**	212,054
Investment in joint ventures		**1,929**	1,929
Equity investment at fair value through other comprehensive income		**30,791**	30,791
Deferred tax assets		**151,182**	152,352
Total non-current assets		**5,269,676**	5,497,043
CURRENT ASSETS			
Finance lease receivables		**112,923**	145,606
Inventories		**2,759,159**	2,351,926
Trade receivables	*12*	**421,618**	388,198
Prepayments, other receivables and other assets		**3,227,794**	2,568,800
Financial assets at fair value through profit or loss		**1,773**	2,167
Pledged and restricted bank deposits		**242,405**	333,077
Cash in transit		**39,206**	55,409
Cash and bank balances		**1,872,929**	1,561,759
Total current assets		**8,677,807**	7,406,942

	Notes	**30 June 2026** *RMB'000* **(Unaudited)**	31 December 2025 *RMB'000* (Audited)
CURRENT LIABILITIES			
Bank loans and other borrowings		**5,365,495**	4,039,529
Trade and bills payables	*13*	**714,660**	759,528
Contract liabilities		**595,793**	531,340
Other payables and accruals		**473,996**	634,806
Lease liabilities		**288,482**	313,090
Income tax payable		**15,321**	11,248
Total current liabilities		**7,453,747**	6,289,541
NET CURRENT ASSETS		**1,224,060**	1,117,401
TOTAL ASSETS LESS CURRENT LIABILITIES		**6,493,736**	6,614,444
NON-CURRENT LIABILITIES			
Lease liabilities		**1,241,385**	1,373,800
Convertible notes at FVTPL		**122,060**	122,060
Deferred tax liabilities		**63,640**	64,220
Total non-current liabilities		**1,427,085**	1,560,080
NET ASSETS		**5,066,651**	5,054,364
EQUITY			
Equity attributable to owners of the Company			
Share capital	*14*	**12,083**	12,083
Reserves		**4,810,942**	4,797,726
		4,823,025	4,809,809
Non-controlling interests		**243,626**	244,555
TOTAL EQUITY		**5,066,651**	5,054,364

NOTES TO THE UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 30 JUNE 2026

1. BASIS OF PREPARATION

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

These condensed consolidated interim financial statements should be read in conjunction with the 2025 annual financial statements. The accounting policies and methods of computation used in the preparation of these condensed consolidated interim financial statements are consistent with those used in the annual financial statements for the year ended 31 December 2025.

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

For the Reporting Period, the Group has adopted all the new and revised Hong Kong Financial Reporting Standards ("**HKFRSs**") issued by the HKICPA that are relevant to its operations and effective for its accounting year beginning on 1 January 2026. HKFRSs comprise HKFRSs; Hong Kong Accounting Standards ("**HKAS**"); and Interpretations. The adoption of these new and revised HKFRSs did not result in significant changes to the Group's accounting policies, presentation of the Group's condensed consolidated financial statements and amounts reported for the current period and prior years.

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

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the sale of automobiles and provision of after-sales services. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

Information about geographical areas

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

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

	Revenues from external customers		**Non-current assets**	
	Six months ended 30 June		**As at 30 June**	As at 31 December
	2026	2025	**2026**	2025
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Chinese Mainland	**4,560,705**	5,734,979	**3,335,555**	3,414,661
Hong Kong and Overseas	**7,588,605**	3,901,629	**1,934,121**	2,082,382
	12,149,310	9,636,608	**5,269,676**	5,497,043

Information about major customers

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

4. REVENUE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from contracts with customers		
— Sale of automobiles and others	**11,108,450**	8,577,419
— Provision of after-sales services	**1,023,432**	1,044,655
Revenue from other sources		
— Finance leasing services	**17,428**	14,534
	12,149,310	9,636,608

Disaggregation of revenue from contracts with customers:

Type of goods or services

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Sale of automobiles and others	**11,108,450**	8,577,419
Provision of after-sales services	**1,023,432**	1,044,655
Total revenue from contracts with customers	**12,131,882**	9,622,074

Timing of revenue recognition

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Goods received by the customer at a point in time	**11,108,450**	8,577,419
After-sales services rendered at a point in time	**1,023,432**	1,044,655
Total revenue from contracts with customers	**12,131,882**	9,622,074

5. OTHER INCOME AND GAINS, NET

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Commission income	**214,029**	205,325
Interest income from loans and advances to a third party	**—**	16,670
Bank interest income	**4,355**	10,760
Government grants	**537**	1,008
Net loss from foreign exchange	**(61,361)**	(300)
Others	**11,852**	14,822
	169,412	248,285

6. FINANCE COSTS

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest on bank loans and other borrowings	**80,791**	59,662
Lease interests	**35,636**	35,232
	116,427	94,894

7. INCOME TAX EXPENSE

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax		
Provision for the period	**25,827**	7,339
Deferred tax	**11,145**	59
	36,972	7,398

8. PROFIT/(LOSS) FOR THE PERIOD

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Directors' remuneration	**2,666**	2,666
Loss on disposal and write-off of property, plant and equipment	**5,395**	(32,538)
Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**391,541**	256,351
Other welfare benefits	**68,199**	49,533
Cost of sales and services:		
Cost of sales of automobiles	**10,492,993**	8,440,700
Cost of after-sales services	**620,845**	636,131
	11,113,838	9,076,831

9. DIVIDENDS

The Board recommends that no interim dividend for the six months ended 30 June 2026 be declared (2025: Nil).

10. LOSS PER SHARE

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

	Six months ended 30 June	
	2026	2025
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Loss:		
Loss for the period attributable to owners of the Company used in the basic loss per share calculation	**(10,095)**	(11,796)
	'000	*'000*
Number of shares:		
Weighted average number of ordinary shares in issue during the period used in the basic loss per share calculation	**1,523,265**	1,523,265
	1,523,265	1,523,265

11. PROPERTY, PLANT AND EQUIPMENT

During the six months ended 30 June 2026, the Group recorded additional property, plant and equipment of approximately RMB262,087,000 (2025: RMB364,448,000).

12. TRADE RECEIVABLES

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

	At 30 June 2026 *RMB'000* **(Unaudited)**	At 31 December 2025 *RMB'000* (Audited)
Within 3 months	**378,130**	314,027
3 to 6 months	**20,773**	57,807
7 to 12 months	**17,856**	10,388
Over 12 months	**4,859**	5,976
	421,618	388,198

13. TRADE AND BILLS PAYABLE

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

	At 30 June 2026 *RMB'000* **(Unaudited)**	At 31 December 2025 *RMB'000* (Audited)
Within 3 months	**702,372**	727,717
3 to 6 months	**5,496**	16,810
6 to 12 months	**5,064**	15,001
Over 12 months	**1,728**	—
	714,660	759,528

14. SHARE CAPITAL

	Number of issued and fully paid shares	Amount *RMB'000*
At 31 December 2025 (Audited) and at 30 June 2026 (Unaudited)	1,523,264,677	12,083

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

15. CONTINGENT LIABILITIES

The Group did not have any significant contingent liabilities on 30 June 2026 and 31 December 2025.

16. CAPITAL COMMITMENTS

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

	At 30 June 2026 ***RMB'000*** **(Unaudited)**	At 31 December 2025 *RMB'000* (Audited)
Property, plant and equipment — Contracted, but not provided for	**113,977**	121,924

17. APPROVAL OF UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The unaudited condensed consolidated interim financial statements were approved and authorised for issue by the Board on 31 August 2026.

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW AND OUTLOOK

According to data from the China Passenger Cars Association ("**CPCA**"), retail sales of passenger vehicles in China were approximately 8.7 million units in the first half of 2026, a decrease of 20.2% compared with the same period last year. The decline principally reflected a shift in the timing of demand rather than a loss of underlying demand. Following the scheduled adjustment of the new energy vehicle ("**NEV**") purchase tax, pursuant to the announcement jointly issued by the Ministry of Finance, the State Taxation Administration and the Ministry of Industry and Information Technology, NEVs purchased between 1 January 2026 and 31 December 2027 are subject to vehicle purchase tax at half the statutory rate, with the reduction capped at RMB15,000 per passenger vehicle, compared with a full exemption capped at RMB30,000 per passenger vehicle for purchases up to 31 December 2025. Therefore, a substantial volume of demand was brought forward into the closing months of 2025, leaving a correspondingly lower order base entering 2026. In CPCA's assessment, the NEV industry has moved "from the policy-nurtured phase into the market-mature phase".

BMW and Lexus are two core brands of the Group in the Chinese Mainland market. BMW is steadily advancing its NEV product portfolio. The all-new BMW i3 long-wheelbase edition made its global debut at the April 2026 Beijing Auto Show, featuring a China Light-Duty Vehicle Test Cycle ("**CLTC**") range exceeding 1,000 km and a next-generation AI-powered smart cockpit, precisely addressing Chinese consumers' preferences for intelligent features and extended range. The model is scheduled for mass production and market launch in the fourth quarter of 2026. In addition, the new-generation iX3 long-wheelbase edition has opened for pre-orders at the August Chengdu Auto Show. This product mix is expected to serve as a key driver of sales growth going forward. Furthermore, Lexus' pure electric vehicle plant in Shanghai is scheduled for full-scale production in 2027. The facility will have an initial annual capacity of 100,000 units. This marks the official launch of Lexus' localised supply chain strategy, which is expected to reduce tariff and logistics costs, enhance pricing competitiveness and market responsiveness, and deliver sustained positive impact on Lexus' future pricing and sales performance in the Chinese Mainland market.

According to data from the China Association of Automobile Manufacturers ("**CAAM**"), in the first half of 2026, China's automobile exports reached approximately 5.1 million units, setting a record high for the corresponding period, representing a year-on-year increase of 65.3%. Among these, NEV exports amounted to approximately 2.4 million units, more than doubling year-on-year. In June 2026 alone, China's automobile exports surpassed 1.0 million units for the first time, with NEV exports reaching approximately 523,000 units, growing over 160% year-on-year. Chinese-brand vehicles continue to expand their presence in Hong Kong and overseas markets, and have become a significant force underpinning domestic production and sales of new energy vehicles.

BUSINESS REVIEW AND OUTLOOK

In the first half of 2026, the Group delivered a strong operational performance, achieving total sales of 51,674 units. This represents a robust year-on-year increase of 68.5%, 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 40,183 units, accounting for 77.8% of total sales. Meanwhile, domestic sales decreased to 11,491 units, comprising 22.2% of the total sales. The Group recorded a net profit of RMB16.3 million, as compared with a net loss of RMB10.6 million for the corresponding period in 2025, turning from loss into profit.

Chinese Mainland Market

As of 30 June 2026, the Group operates 72 outlets covering more than 40 cities across 17 provinces in Chinese Mainland. Following internal business integration and brand restructuring, the Group's brand portfolio currently comprises seven luxury brands (BMW, Lexus, Volvo, Audi, MINI, Jaguar and Land Rover), five ultra-luxury brands (Bentley, Rolls-Royce, Ferrari, Lamborghini and Lotus) and five other brands (MENGSHI, Ford Adventure, Chery Adventure, Geely Galaxy V Series and the new energy brand DENZA).

Despite a challenging operating environment, the Group demonstrated strong operational resilience through proactive cost optimization, strengthening high-growth businesses and disciplined after-sales margin management.

First, the Group actively negotiated rental reductions for existing outlets to curb fixed expenses, while for stores undergoing closure or brand conversion, thorough market studies and capital adequacy evaluations were conducted and an asset-light approach was adopted to streamline the dealership network and enhance operational efficiency.

Second, the Group leveraged government trade-in incentives and manufacturer subsidies to strengthen trade-in services for existing customers, effectively lifting comprehensive gross margins through the development of used car and ancillary businesses.

Third, despite a contraction in after-sales revenue, the Group leveraged manufacturer repurchase policies to boost high-turnover categories and improve accident repair return rates, and introduced a front-end dual-inspection process to enhance the conversion rate of customer-paid service items. As a result, the after-sales gross margin and absorption rate both recorded steady improvements. Notably, the BMW brand achieved an absorption rate of 115% in the first half of 2026, providing solid support for store-level profitability.

Moving into the second half of 2026, the Group will adhere to refined, profit-driven operational strategies and move away from scale expansion and price-based competition. The Company will continue to optimise the brand and outlet mix, prioritise resource allocation to higher-margin vehicle models and value-added services, and further scale up profitable ancillary businesses including after-sales services, automotive finance, insurance and auto accessories as the core profit pillar for the operation in Chinese Mainland market.

Hong Kong and Overseas markets

During the first half of 2026, the Group continued to advance its globalization strategy through its partnership with BYD Company for the distribution and provision of after-sales services for NEV brands, particularly BYD and Denza. As of 30 June 2026, the Group has established a presence in 27 countries and 49 cities worldwide (outside Chinese Mainland), operating a total of 146 stores, comprising 113 in Asia-Pacific, 29 in Europe and 4 in the Middle East and Africa. Deliveries in Hong Kong and overseas markets reached 40,183 units, representing a substantial year-on-year increase of 155.5%.

In Hong Kong and overseas markets, the Group's after-sales service network continued to gain momentum, with total after-sales service visits reaching 60,594 units and after-sales service revenue amounting to RMB165.2 million, representing substantial growth compared with the same period last year. These achievements underscore the Group's strengthening service capabilities and improved profitability. Prudent cost control measures ensured stable operating efficiency throughout the period.

Looking ahead, the second half of 2026 represents a pivotal period for the Group to transition from scale-driven growth to quality-and profit-driven growth in Hong Kong and overseas market. Building on its solid foundation, the Group will execute a strategy focused on "Quality Leadership, Global Deepening, Diversified Development". Key areas of focus include: (i) enhancing operational quality at the store-level to improve per-store performance; (ii) strengthening cash flow resilience and improving capital efficiency; (iii) improving comprehensive gross margins through implementation of lean management and the expansion of ancillary service businesses; and (iv) cultivating a second growth curve by leveraging the Group's global presence to advance the new energy used vehicle business, explore business diversification, and foster new growth drivers.

The Group remains focused on defending its market leadership in Chinese Mainland's luxury vehicle segment while capturing NEV growth opportunities in both Chinese Mainland and Hong Kong and overseas markets. In Chinese Mainland, the Group will develop its NEV business in a selective and prudent manner, with a focus on optimizing brand mix and network layout. In Hong Kong and overseas markets, the Group will continue to deepen its strategic partnership with BYD, leveraging its leading NEV products to expand overseas market presence. The Group will continue to drive operational refinement and management efficiency improvements, underpinning its commitment to sustainable, high-quality growth and reinforcing its competitive positioning.

FINANCIAL OVERVIEW

Revenue

In the first half of 2026, the Group recorded total revenue of RMB12,149.3 million, representing an increase of 26.1% compared to RMB9,636.6 million in the corresponding period of 2025.

Revenue by type of goods or services

- **Sale of automobiles and others:** Revenue increased by 29.5% to RMB11,108.5 million from RMB8,577.4 million in the first half of 2025, accounting for approximately 91.5% of the Group's total revenue. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas sales network and the resulting increase in vehicle sales in these markets.

- **After-sales services:** Revenue decreased slightly by 2.0% to RMB1,023.4 million from RMB1,044.7 million in the first half of 2025, accounting for approximately 8.4% of the Group's total revenue.

- **Finance leasing services:** Revenue increased by 19.9% to RMB17.4 million from RMB14.5 million in the first half of 2025, accounting for approximately 0.1% of the Group's total revenue.

Revenue by region

- **Chinese Mainland:** Revenue decreased by 20.5% to RMB4,560.7 million from RMB5,735.0 million in the first half of 2025, accounting for approximately 37.5% of the Group's total revenue. The decrease was mainly attributable to the decline in new vehicle sales in the Chinese Mainland amid continued weakness in the domestic luxury vehicle market and intensified market competition.

- **Hong Kong and Overseas:** Revenue increased significantly by 94.5% to RMB7,588.6 million from RMB3,901.6 million in the first half of 2025, accounting for approximately 62.5% of the Group's total revenue. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas distribution network and the growth in sales of new energy vehicles in overseas markets.

Cost of Sales and Services

In the first half of 2026, the Group recorded cost of sales and services of RMB11,113.8 million, representing an increase of 22.4% compared to RMB9,076.8 million in the corresponding period of 2025.

- **Sales of automobiles and others:** Cost of sales increased by 24.3% to RMB10,493.0 million from RMB8,440.7 million in the first half of 2025, broadly in line with the increase in revenue from the sale of automobiles and others.

- **After-sales services:** Cost of sales decreased by 2.4% to RMB620.8 million from RMB636.1 million in the first half of 2025, notwithstanding the slight decrease in after-sales service revenue during the period.

Gross Profit and Gross Profit Margin

In the first half of 2026, the Group's gross profit increased by 85.0% to RMB1,035.5 million from RMB559.8 million in the corresponding period of 2025, while the gross profit margin increased by 2.7 percentage points to 8.5% from 5.8% in the corresponding period of 2025.

- **Sales of automobiles and others:** Gross profit increased significantly by RMB478.8 million to RMB615.5 million from RMB136.7 million in the first half of 2025. The gross profit margin increased to 5.5% from 1.6% in the corresponding period of 2025.

- **After-sales services:** Gross profit decreased by 1.5% to RMB402.6 million from RMB408.5 million in the first half of 2025. The gross profit margin increased by 0.2 percentage points to 39.3% from 39.1% in the corresponding period of 2025.

Other Income and Gains, Net

During the Reporting Period, the Group recorded other income and gains, net of RMB169.4 million, representing a decrease of 31.8% compared to RMB248.3 million in the corresponding period of 2025. The decrease was mainly attributable to the significant increase in exchange losses, which more than offset the slight increase in commission income.

Selling and Distribution Expenses

During the Reporting Period, the Group's selling and distribution expenses amounted to RMB799.0 million, representing an increase of 45.5% compared to RMB549.2 million in the corresponding period of 2025. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas distribution network.

Administrative Expenses

During the Reporting Period, the Group's administrative expenses amounted to RMB236.2 million, representing an increase of 41.4% from RMB167.0 million in the corresponding period of 2025. The increase was mainly attributable to the continued expansion of the Group's Hong Kong and overseas operations and the corresponding increase in administrative and staff-related costs.

Profit from Operations

During the Reporting Period, the Group recorded profit from operations of RMB169.7 million, representing an increase of RMB77.8 million or 84.7% compared to RMB91.8 million in the corresponding period of 2025. The increase was mainly attributable to the significant improvement in gross profit, partially offset by the increase in selling and distribution expenses and administrative expenses.

Finance Costs

During the Reporting Period, the Group recorded finance costs of RMB116.4 million, representing an increase of 22.7% compared to RMB94.9 million in the corresponding period of 2025. The increase was mainly attributable to higher interest expenses on bank loans and other borrowings, primarily due to the increase in the Group's level of borrowings during the Reporting Period.

Loss Attributable to Owners of the Company

As a result of the above, the loss attributable to owners of the Company narrowed by 14.4% to RMB10.1 million, compared to a loss of RMB11.8 million in the corresponding period of 2025.

LIQUIDITY, FINANCIAL RESOURCES AND CAPITAL RESOURCES

Cash Flow

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

As at 30 June 2026, the total cash and bank balances of the Group were RMB1,872.9 million (31 December 2025: RMB1,561.8 million).

For the six months ended 30 June 2026, the net cash used in operating activities by the Group amounted to RMB499.3 million; the net cash used in investing activities by the Group amounted to RMB251.1 million, consisting primarily of purchases of property, plant and equipment; and the net cash generated from financing activities by the Group amounted to RMB1,067.2 million.

Net Current Assets

As at 30 June 2026, the net current assets of the Group were RMB1,224.1 million, representing an increase of RMB106.7 million or 9.5% from RMB1,117.4 million as at 31 December 2025.

Capital Expenditure

During the six months ended 30 June 2026, the Group's capital expenditure amounted to RMB262.1 million, which was mainly used for the purchase of property, plant and equipment in relation to the expansion of overseas sales network.

Contingent Liabilities

As at 30 June 2026, save as disclosed, the Group did not have any significant contingent liabilities.

Inventories

The Group's inventories primarily consisted of new passenger vehicles, spare parts and automobile accessories. As at 30 June 2026, inventories increased by RMB407.3 million from RMB2,351.9 million as at 31 December 2025 to RMB2,759.2 million as at 30 June 2026, representing an increase of approximately 17.3%.

The Group's average inventory turnover days during the Reporting Period were 42.2 days, representing a year-on-year increase of 2.8 days compared to 39.4 days for the corresponding period of 2025. The increase reflects market pressures from weakened consumer spending and macroeconomic volatility. The Group is implementing responsive inventory controls to mitigate excess exposure, ensuring inventory levels remain within a healthy range.

Bank Loans and Other Borrowings

As at 30 June 2026, the Group had bank loans and other borrowings in the aggregate amount of RMB5,365.5 million, representing an increase of approximately 32.8% compared to RMB4,039.5 million as at 31 December 2025.

	At 30 June 2026	At 31 December 2025
	RMB'000	*RMB'000*
Current liabilities		
Bank loans	**1,987,341**	2,456,672
Other borrowings	**3,378,154**	1,582,857
	5,365,495	4,039,529

As at 30 June 2026, the Group's gearing ratio (calculated as total liabilities divided by total assets) was approximately 63.7%, representing an increase of approximately 2.9 percentage points compared to approximately 60.8% as at 31 December 2025.

Interest Rate Risk and Foreign Exchange Risk

The Group's bank deposits, bank loans and other borrowings mainly bear interest at fixed interest rates, therefore, the Group's exposure to the risk of interest rate fluctuation is very limited. During the Reporting Period and up to the date of this announcement, the Group has not used any financial derivatives to hedge the Group'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 and US dollar, Singapore dollar, Indonesian Rupiah, Philippine Peso and Thai Baht. During the period, the Group did not experience any significant difficulties in or impacts on its operations or liquidity due to fluctuations in currency exchange rates. The Group's management believes that the Group will have sufficient foreign currency to meet its own foreign exchange requirements and will adopt practical and effective measures to prevent exposure to foreign exchange risk.

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 flow requirements and expansion of the Group. The Group maintained a healthy liquidity position during the Reporting Period.

Employees and Remuneration Policies

As at 30 June 2026, the Group had a total of 7,345 employees (31 December 2025: 7,200 employees). During the six months ended 30 June 2026, the Group incurred staff costs of RMB459.7 million. The salary package for employees is determined by their respective work experience, duties and performance. The management will conduct an annual review of the salary plan taking into account the employees' overall performance and market conditions.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended 30 June 2026 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 Listing Rules)).

As at 30 June 2026, there were no treasury shares (as defined in the Listing Rules) held by the Company.

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

There were no material investments, acquisitions, and disposals of subsidiaries, associates and joint ventures undertaken by the Group during the Reporting Period.

CONNECTED TRANSACTIONS

There were no connected transactions entered into by the Group during the six months ended 30 June 2026 that are required to be disclosed under the Listing Rules.

EVENTS AFTER THE REPORTING PERIOD

From the end of the Reporting Period on 30 June 2026 to the date of this announcement, there was no significant event that would have any material impact on the Group.

FUTURE PLANS FOR MATERIAL INVESTMENTS AND CAPITAL ASSETS

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

OFF-BALANCE SHEET COMMITMENTS AND ARRANGEMENTS

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

INTERIM DIVIDEND

At the meeting of the Board held on 31 August 2026, the Board resolved not to pay interim dividend to the shareholders of the Company (the "**Shareholders**") (2025: Nil).

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Board has committed to achieving high corporate governance standards.

The Board believes that high corporate governance standards are essential in providing a framework for the Company to formulate its business strategies and policies, and to enhance its transparency and accountability. For the six months ended 30 June 2026, 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. The Company believes that effective corporate governance is an essential factor to create more value 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 six months ended 30 June 2026.

The Company's employees, who are likely to be in possession of unpublished inside information of the Company, are also subject to the Model Code.

SUFFICIENCY OF THE PUBLIC FLOAT

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

AUDIT COMMITTEE

The Company established the audit committee (the "**Audit Committee**") with written terms of reference in compliance with the requirements of the Listing Rules and the CG Code. As at the date of this announcement, the Audit Committee consists of three members, namely Mr. Wang Nengguang, Mr. Leung Oi Kin and Mr. Sung Ka Woon, all of whom are independent non-executive Directors of the Company. Mr. Wang Nengguang is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results for the six months ended 30 June 2026 which are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures requirements of Appendix D2 to the Listing Rules have been duly made. The Audit Committee has no disagreement with the accounting treatment adopted by the Company.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT

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

APPRECIATION

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

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

Zhengzhou, PRC, 31 August 2026

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