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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)**

**(A) DISCLOSEABLE TRANSACTIONS IN RELATION TO  
THE PROVISION OF LOANS TO IAC;**

**AND**

**(B) DISCLOSEABLE TRANSACTIONS IN RELATION TO  
THE PROVISION OF LOANS TO XZX**

**(A) DISCLOSEABLE TRANSACTIONS IN RELATION TO THE  
PROVISION OF LOANS TO IAC**

Hexie Trading is interested in 19.8% equity interest in IAC and has from time to time provided loans and advances to IAC for its operation and business expansion uses and rolled over to a new term when the principal amounts fall due.

On 1 May 2021, Hexie Trading and IAC entered into the 2021 IAC Agreement pursuant to which Hexie Trading agreed to convert the outstanding interest of approximately RMB136.4 million (equivalent to approximately HK\$163.7 million) accrued on the IAC Loans during 1 January 2018 to 31 December 2020 into a loan for a term of one year.

On 28 April 2022, Hexie Trading and IAC entered into the 2022 IAC Agreement pursuant to which Hexie Trading agreed to extend the maturity date of the 2021 IAC Loan by one year.

The grant of each of the 2021 IAC Loan and the 2022 IAC Loan, on a standalone basis, did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as all the relevant percentage ratios (as defined under the Listing Rules) were below 5%. However, each of the 2021 IAC Loan and the 2022 IAC Loan, when aggregated with the advances and loans granted by Hexie Trading to IAC in the immediately preceding twelve-month period, constituted a discloseable transaction of the Company (with consideration ratio exceeded 5%), and was subject to the announcement requirements under Chapter 14 of the Listing Rules.

Due to inadvertent oversight, the Company did not timely make announcement in respect of the 2021 IAC Loan and the 2022 IAC Loan in accordance with the Listing Rules. The Company admits that it has breached Rule 14.34 of the Listing Rules.

**(B) DISCLOSEABLE TRANSACTIONS IN RELATION TO THE PROVISION OF LOANS TO XZX**

On 9 September 2018, Hexie Trading and XZX entered into the 2018 XZX Agreement pursuant to which Hexie Trading agreed to provide a loan in the amount of RMB260 million (equivalent to approximately HK\$312.0 million) to XZX. The 2018 XZX Loan was fully repaid on 15 September 2020.

On 17 September 2020, Hexie Trading and XZX entered into the 2020 XZX Agreement pursuant to which Hexie Trading agreed to provide a loan in the amount of RMB270 million (equivalent to approximately HK\$324.0 million) to XZX.

On 16 September 2022, Hexie Trading and XZX entered into the 2022 XZX Agreement pursuant to which Hexie Trading agreed to extend the maturity date of the 2020 XZX Loan by 18 months.

As one or more of the relevant percentage ratios (as defined under the Listing Rules) of the transactions contemplated under each of the XZX Agreements exceeded 5% but were all less than 25%, each of the 2018 XZX Loan, the 2020 XZX Loan and 2022 XZX Loan contemplated under the 2018 XZX Agreement, the 2020 XZX Agreement and 2022 XZX Agreement respectively constituted a discloseable transaction of the Company, and was subject to the announcement requirements under Chapter 14 of the Listing Rules.

Due to inadvertent oversight, the Company did not timely make announcement in respect of the 2018 XZX Agreement and the 2020 XZX Agreement in accordance with the Listing Rules. The Company admits that it has breached Rule 14.34 of the Listing Rules.

## **(A) DISCLOSEABLE TRANSACTIONS IN RELATION TO PROVISION OF LOANS TO IAC**

On 1 May 2021, Hexie Trading and IAC entered into the 2021 IAC Agreement pursuant to which Hexie Trading agreed to convert the outstanding interest of approximately RMB136.4 million (equivalent to approximately HK\$163.7 million) accrued on the IAC Loans during the period from 1 January 2018 to 31 December 2020 into a loan for a term of one year.

On 28 April 2022, Hexie Trading and IAC entered into the 2022 IAC Agreement pursuant to which Hexie Trading agreed to extend the maturity date of the 2021 IAC Loan by one year.

### **1. The 2021 IAC Agreement**

The principal terms of the 2021 IAC Agreement are set out below:

Date : 1 May 2021

Parties : (i) Hexie Trading (an indirect wholly-owned subsidiary of the Company), as lender; and  
(ii) IAC, as borrower.

Hexie Trading was interested in 19.8% equity interest in IAC as at the date of the 2021 IAC Agreement.

Loan amount : the outstanding interest of approximately RMB136.4 million accrued on the IAC Loans during the period from 1 January 2018 to 31 December 2020 be converted into the 2021 IAC Loan

Interest rate : 4.35% per annum (subject to adjustment in accordance with the PBOC benchmark lending rate)

Repayment terms : The principal amount of the 2021 IAC Loan and the accrued interest thereon should be repaid on 1 May 2022.

- Other terms : (i) If IAC failed to repay the amount due to Hexie Trading upon maturity of the 2021 IAC Loan, Hexie Trading had the right to receive the proceeds from IAC's daily operations until all the amount outstanding had been repaid; and
- (ii) IAC should early repay all the amount due to Hexie Trading when it had sufficient funding.

Set out below are the principal terms of the IAC Loans granted in the twelve-month period immediately preceding the date of the 2021 IAC Agreement:

<b>Date of grant</b>	<b>Principal amount</b> <i>(RMB' million)</i>	<b>Interest rate</b>	<b>Maturity date</b>
6 June 2020	65.0	4.35%	6 June 2021
3 April 2021	30.0	4.35%	3 April 2023
11 April 2021	1.1	4.35%	11 April 2023
17 April 2021	7.0	4.35%	17 April 2023

The other terms of the above IAC Loans are largely the same as the 2021 IAC Loan.

## **2. The 2022 IAC Agreement**

The principal terms of the 2022 IAC Agreement are set out below:

- Date : 1 May 2022
- Parties : (i) Hexie Trading (an indirect wholly-owned subsidiary of the Company), as lender; and
- (ii) IAC, as borrower.
- Hexie Trading was interested in 19.8% equity interest in IAC as at the date of the 2022 IAC Agreement.
- Loan amount : approximately RMB136.4 million
- Interest rate : 4.35% per annum (subject to adjustment in accordance with the PBOC benchmark lending rate)
- Repayment terms : The principal amount of the 2022 IAC Loan and the accrued interest thereon should be repaid on 6 June 2023.

- Other terms : (i) If IAC failed to repay the amount due to Hexie Trading upon maturity of the 2022 IAC Loan, Hexie Trading had the right to receive the proceeds from IAC’s daily operations until all the amount outstanding had been repaid; and
- (ii) IAC should early repay all the amount due to Hexie Trading when it had sufficient funding.

Set out below are the principal terms of the IAC Loans granted in the twelve-month period immediately preceding the date of the 2022 IAC Agreement:

<b>Date of grant</b>	<b>Principal amount</b> <i>(RMB’ million)</i>	<b>Interest rate</b>	<b>Maturity date</b>
11 May 2021	7.0	4.35%	11 May 2023
25 May 2021	10.0	4.35%	25 May 2023
6 June 2021	65.0	4.35%	6 June 2023
28 June 2021	24.9	4.35%	28 June 2023
11 May 2021	7.0	4.35%	11 May 2023

The other terms of the above IAC Loans are largely the same as the 2022 IAC Loan.

### 3. Background of IAC

IAC is principally engaged in independent automobile aftersales services sector with a focus on electric car aftersales services and has set up aftersales services outlets in various cities in China.

As disclosed in the announcement of the Company dated 10 August 2021, IAC was wholly-owned by Hexie Trading (a wholly-owned subsidiary of the Company) prior to its capital increase in December 2017 (the “**2017 IAC Capital Increase**”). Following the 2017 IAC Capital Increase, Hexie Trading’s equity interest in IAC was reduced to 49.28%. In April 2019, Hexie Trading further reduced its interest in IAC to 19.8% by disposing 29% of the equity of IAC. There has been no further changes in Hexie Trading’s shareholding interest in IAC since then.

As at the date of the 2021 IAC Agreement and the 2022 IAC Agreement, IAC was owned as to 19.80% by Hexie Trading, 25.12% by 西藏藍徹瑞創業投資管理合夥企業(有限合夥) (Tibet Lancherui Venture Capital Management Partnership (Limited Partnership)\*, “**Lancherui**”), 29.00% by 鄭州萬銀資產管理有限公司 (Zhengzhou Wanyin Asset Management Co., Ltd.\*, “**Wanyin**”),

25.12% by 深圳市眾智投資有限公司 (Shenzhen Zhongzhi Investment Co., Ltd.\*, “**Zhongzhi**”). The remaining equity interest of IAC was held by two companies each holding less than 1%. The ultimate beneficial owners of Lancherui were Mr. Chen Yi, Mr. Feng Changjin (the elder brother of Mr. Feng Change, who is the chairman of the Board as well as an executive director and the ultimate controlling shareholder of the Company) and Mr. Yang Lei (a former executive director of the Company and currently the chairman and legal representative of IAC), while the ultimate beneficial owners of Wanyin and Zhongzhi were Ms. Sun Yanming and Mr. Lian Xiao respectively.

Save for Lancherui which was the management shareholder, the other shareholders were financial investors of IAC.

To the best of the Directors’ knowledge, information and belief, having made all reasonable enquiries, IAC and its ultimate beneficial owners were third parties independent of the Company and its connected person.

#### **4. Reasons for and benefits of the 2021 IAC Agreement and the 2022 IAC Agreement**

As continuous support to the business of IAC, the Group has from time to time through Hexie Trading provided the IAC Loans to IAC for its operation and business expansion uses. The outstanding interest accrued on the IAC Loans were converted into the 2021 IAC Loan under the 2021 IAC Agreement to provide continuous financial support to IAC. The 2022 IAC Loan was essentially a roll-over of the 2021 IAC Loan.

The Company is confident about the prospects of IAC in the light of the rapid development of the electric car market in China. Having considered that the 2021 IAC Loan and the 2022 IAC Loan bore interest at the rate of 4.35% (compared to the then PBOC benchmark lending rate of 4.35% and loan prime rate from 3.7% to 3.85%) and the Company has an 19.8% equity interest in IAC and continuous financial support to IAC would help developing IAC and hence benefiting the Company in its future growth as its shareholder, the Company was of the view that the terms of the 2021 IAC Agreement and the 2022 IAC Agreement were fair and reasonable and the entering into of the 2021 IAC Agreement and the 2022 IAC Agreement was in the interests of the Company and its shareholders as a whole.

## **5. Listing Rules implications**

The grant of each of the 2021 IAC Loan and the 2022 IAC Loan, on a standalone basis, did not constitute a notifiable transaction of the Company under Chapter 14 of the Listing Rules as all the relevant percentage ratios (as defined under the Listing Rules) were below 5%. However, each of the 2021 IAC Loan and the 2022 IAC Loan, when aggregated with the advances and loans granted by Hexie Trading to IAC in the immediately preceding twelve-month period, constituted a discloseable transaction of the Company (with consideration ratio exceeded 5%), and was subject to the announcement requirements under Chapter 14 of the Listing Rules.

Due to inadvertent oversight, the Company did not timely make announcement in respect of the 2021 IAC Loan and the 2022 IAC Loan in accordance with the Listing Rules. The Company admits that it has breached Rule 14.34 of the Listing Rules.

### **(B) DISCLOSEABLE TRANSACTIONS IN RELATION TO THE PROVISION OF LOANS TO XZX**

On 9 September 2018, Hexie Trading and XZX entered into the 2018 XZX Agreement pursuant to which Hexie Trading agreed to provide a loan in the amount of RMB260 million (equivalent to approximately HK\$312.0 million) to XZX. The 2018 XZX Loan was fully repaid on 15 September 2020.

On 17 September 2020, Hexie Trading and XZX entered into the 2020 XZX Agreement pursuant to which Hexie Trading agreed to provide a loan in the amount of RMB270 million (equivalent to approximately HK\$324.0 million) to XZX.

On 16 September 2022, Hexie Trading and XZX entered into the 2022 XZX Agreement pursuant to which Hexie Trading agreed to extend the maturity date of the 2020 XZX Loan by 18 months from 17 September 2022 to 17 March 2024.



The principal terms of the XZX Agreements are set out below:

## 1. The 2018 XZX Agreement

Date : 9 September 2018 (as supplemented by a supplemental agreement dated 1 January 2020)

Parties : (i) Hexie Trading (an indirect wholly-owned subsidiary of the Company), as lender; and  
(ii) XZX, as borrower.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the 2018 XZX Agreement, (i) the ultimate beneficial owner of XZX was Mr. Huang Wei; (ii) XZX was principally engaged in the sale of medium to high-end brand automobiles and spare parts, and building renovation and decoration works with headquarters based in Zhengzhou, Henan Province, the PRC; and (iii) XZX and its ultimate beneficial owner were third parties independent of the Company and its connected persons.

Loan amount : RMB260 million, for use by XZX as working capital

Interest rate : 9.5% per annum (revised to 6% per annum pursuant to the supplemental agreement dated 1 January 2020)

Repayment terms : The principal amount of the 2018 XZX Loan and the accrued interest thereon should be repaid upon the expiry of 24 months from the date of the drawdown.

Early repayment required consent by Hexie Trading.

Guarantee : Pursuant to a letter of guarantee provided by the 2018 Guarantee Company on 9 September 2018, the repayment obligations of XZX under the 2018 XZX Agreement (including the principal of the 2018 XZX Loan and interest accrued thereon, and any penalty fees or interests and damages or losses incurred therefrom) was guaranteed by the 2018 Guarantee Company, which was principally engaged in the provision of guarantee services for loans, bill acceptances, trade finance, project financing and letter of credit with registered capital of RMB1 billion.



To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the 2018 XZX Agreement, (i) the single largest shareholder of the 2018 Guarantee Company was a financial holding company formed by Luoyang Municipal Government and other well-known enterprises in China; and (ii) the 2018 Guarantee Company and its ultimate beneficial owner were third parties independent of the Company and its connected persons.

- Other terms : (i) If Hexie Trading failed to transfer the loan amount to the account designated by XZX on the agreed date, Hexie Trading should pay XZX a penalty fee, which was equivalent to 5% of the loan amount multiplied by the number of days delayed, to XZX;
- (ii) If XZX did not utilize the 2018 XZX Loan in the manner set out in the 2018 XZX Agreement, Hexie Trading had the right to demand early repayment (partial or full) of the loan and impose a penalty interest of 80% on top of the original interest rate in respect of the non-compliant loan amount;
- (iii) If XZX failed to repay the principal amount of the 2018 XZX Loan and the accrued interest thereon in accordance with the terms of the 2018 XZX Agreement, Hexie Trading had the right to impose a penalty interest of 50% on top of the original interest rate in respect of the loan amount for the number of days delayed;
- (iv) If XZX repaid the 2018 XZX Loan earlier than the time set out in the 2018 XZX Agreement without Hexie Trading's prior consent, Hexie Trading had the right to impose a penalty fee, which was equivalent to 0.05% of the loan amount multiplied by the number of days of early repayment, on XZX; and
- (v) Hexie Trading had the right to demand for early repayment of the principal amount of the 2018 XZX Loan and the accrued interest thereon in the event that (a) XZX breached the terms of the 2018 XZX Agreement; or (b) there was a material adverse change in the business operations of XZX.

The 2018 XZX Loan (both principal and interest) had been fully repaid when due on 15 September 2020, and the guarantee by the Guarantee Company was fully discharged.

## 2. The 2020 XZX Agreement

Date : 17 September 2020

Parties : (i) Hexie Trading, as lender; and  
(ii) XZX, as borrower.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the 2020 XZX Agreement, (i) the ultimate beneficial owner of XZX was Mr. Huang Wei; (ii) XZX was principally engaged in the sale of medium to high-end brand automobiles and spare parts, and building renovation and decoration works with headquarters based in Zhengzhou, Henan Province, the PRC; and (iii) XZX and its ultimate beneficial owner were third parties independent of the Company and its connected persons.

Loan amount : RMB270 million, for use by XZX as working capital

Interest rate : 6% per annum

Repayment terms : The principal amount of the 2020 XZX Loan and the accrued interest thereon should be repaid upon the expiry of 24 months from the date of the drawdown.

Early repayment required consent by Hexie Trading.

Other terms : Similar to those under the 2018 XZX Agreement

### 3. The 2022 XZX Agreement

Date : 16 September 2022

Parties : (i) Hexie Trading, as lender; and  
(ii) XZX, as borrower.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the 2022 XZX Agreement, (i) the ultimate beneficial owner of XZX was Mr. Huang Wei; (ii) XZX was principally engaged in the sale of medium to high-end brand automobiles and spare parts, and building renovation and decoration works with headquarters based in Zhengzhou, Henan Province, the PRC; and (iii) XZX and its ultimate beneficial owner were third parties independent of the Company and its connected persons.

Loan amount : RMB270 million, for use by XZX as working capital

Interest rate : 5% per annum

Repayment terms : Subject to the provision of guarantee by the 2020 Guarantee Company as described below, the maturity date of the 2020 XZX Loan shall be extended to 17 March 2024.

Early repayment requires consent by Hexie Trading.

Guarantee : Pursuant to a letter of guarantee provided by the 2022 Guarantee Company on 22 September 2022, the repayment obligations of XZX under the 2022 XZX Agreement (including the principal of the 2022 XZX Loan and interest accrued thereon, and any penalty fees or interests and damages or losses incurred therefrom) was guaranteed by the 2022 Guarantee Company, which was principally engaged in the provision of guarantee services for loans, bill acceptances, trade finance, project financing and letter of credit with registered capital of RMB1.1 billion.

To the best of the knowledge, information and belief of the Directors having made all reasonable enquiries, as at the date of the 2022 XZX Agreement, the 2022 Guarantee Company was held by 中青城投(河南)旅遊集團有限公司 (Zhongqingcheng Investment (Henan) Tourism Group Co., Ltd.\*) as its single largest shareholder, which in turn was ultimately owned by Agricultural Development Bank of China.

Other terms : Similar to those under the 2020 XZX Agreement

#### **4. Reasons for and benefits of the XZX Agreements**

The Group has been engaging in operating 4S automobile dealership outlets in the PRC since 2005. It sells new luxury and ultra-luxury cars as an authorised dealer of a number of luxury or ultra-luxury automobile manufacturers.

XZX was referred to the Group by the 2018 Guarantee Company for the 2018 XZX Loan for which the Guarantee Company acted as guarantor for a fee. With the guarantee given by the 2018 Guarantee Company for the loan and the background and financial strength of the 2018 Guarantee Company, the Group agreed to grant the 2018 XZX Loan for a term of two years with interest rate of 9.5% per annum (compared to the then PBOC benchmark lending rate of 4.35%) for better return on its surplus cash. The Company considered the terms of the 2018 XZX Loan were fair and reasonable and the grant of the 2018 XZX Loan was in the interests of the Company and the Shareholders as a whole.

Prior to the maturity of the 2018 XZX Loan, XZX had started to negotiate for a new loan without the participation of the Guarantee Company. To this end, the 2018 XZX Loan was fully repaid on 15 September 2020 and the 2020 XZX Loan was granted to XZX on 17 September 2020 for a term of two years with interest rate of 6% per annum (compared to the then PBOC benchmark lending rate of 4.35% and loan prime rate of 4.35% and loan prime rate of 3.85%). Based on due diligence on XZX, it was noted that XZX had net assets of approximately RMB286 million and total assets of approximately RMB680 million as at 30 June 2020. Based on the above, the Company considered the terms of the 2020 XZX Loan were fair and reasonable and the grant of the 2020 XZX Loan was in the interests of the Company and the Shareholders as a whole.

The maturity date of the 2020 XZX Loan was 17 September 2022. However, XZX has requested to roll over the loan for 18 months on the back of a full corporate guarantee by the 2022 Guarantee Company. With the guarantee given by the 2022 Guarantee Company for the loan and the background and financial strength of the 2022 Guarantee Company, the Company agreed to extend the maturity date of the 2020 XZX Loan for 18 months with interest rate of 5% per annum (compared to the prevailing PBOC benchmark lending rate of 4.35% and loan prime rate of 3.65%) and entered into the 2022 XZX Agreement with XZX accordingly. The Company considers the terms of the 2022 XZX Agreement are fair and reasonable and the entering into of the 2022 XZX Agreement is in the interests of the Company and the Shareholders as a whole.

## **5. Listing Rules implications**

As one or more of the relevant percentage ratios (as defined under the Listing Rules) of the transactions contemplated under each of the XZX Agreements exceeded 5% but were all less than 25%, each of the 2018 XZX Loan, the 2020 XZX Loan and 2022 XZX Loan contemplated under the 2018 XZX Agreement, the 2020 XZX Agreement and 2022 XZX Agreement respectively constituted a discloseable transaction of the Company, and was subject to the announcement requirements under Chapter 14 of the Listing Rules.

Due to inadvertent oversight, the Company did not timely make announcement in respect of the 2018 XZX Loan and the 2020 XZX Loan in accordance with the Listing Rules. The Company admits that it has breached Rule 14.34 of the Listing Rules.

## **(C) DEFINITIONS**

In this announcement, unless the content otherwise requires, the following expressions have the following meanings:

“associate(s)”	has the meaning ascribed to it under the Listing Rules
“Board”	the board of Directors
“Company”	China Harmony Auto Holding Limited, a company incorporated in the Cayman Islands with limited liability and the issued Shares of which are listed on the Main Board of the Stock Exchange (stock code: 3836)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	the director(s) of the Company
“Group”	the Company and its subsidiaries from time to time

“Hexie Trading”	河南和諧汽車貿易有限公司 (Henan Hexie Automobile Trading Co., Ltd.*), an indirect wholly-owned subsidiary of the Company
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“IAC”	河南和諧汽車維修服務有限公司 (Henan Hexie Automobile Aftersales Services Co., Ltd.*), a company in which Hexie Trading has a 19.8% equity interest
“IAC Loans”	the loans provided by Hexie Trading to IAC from time to time for its operation and business expansion uses
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PBOC”	The People’s Bank of China
“PRC”	the People’s Republic of China which, for the purposes of this announcement, excludes Hong Kong, the Macao Special Administrative Region and Taiwan
“Share(s)”	ordinary share(s) of HK\$0.01 each in the capital of the Company
“Shareholder(s)”	holder(s) of the Share(s)
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“XZX”	鄭州新之禧實業有限公司 (Zhengzhou Xinzhi Co., Ltd.*), a company established in the PRC with limited liability
“XZX Agreements”	collectively, the 2018 XZX Agreement, the 2020 XZX Agreement and the 2022 XZX Agreement
“2018 Guarantee Company”	鑫融基投資擔保有限公司 (Xinrongji Investment and Guarantee Co., Ltd.*), a company established in the PRC with limited liability
“2018 XZX Agreement”	the agreement dated 9 September 2018 entered into between Hexie Trading (as lender) and XZX (as borrower) in relation to a loan in the amount of RMB260 million (the “ <b>2018 XZX Loan</b> ”)

“2020 XZX Agreement”	the agreement dated 17 September 2020 entered into between Hexie Trading (as lender) and XZX (as borrower) in relation to a loan in the amount of RMB270 million (the “ <b>2020 XZX Loan</b> ”)
“2021 IAC Agreement”	the agreement dated 1 May 2021 entered into between Hexie Trading (as lender) and IAC (as borrower) in relation to the conversion of outstanding interest accrued on the IAC Loans into a loan for a term of one year (the “ <b>2021 IAC Loan</b> ”)
“2022 Guarantee Company”	河南省中小企業融資擔保股份有限公司 (Henan Small and Medium Enterprise Financing Guarantee Co., Ltd.*), a company established in the PRC with limited liability
“2022 IAC Agreement”	the agreement dated 28 April 2022 entered into between Hexie Trading (as lender) and IAC (as borrower) in relation to the extension of the maturity date of the 2021 IAC Loan (the “ <b>2022 IAC Loan</b> ”)
“2022 XZX Agreement”	the agreement dated 16 September 2022 entered into between Hexie Trading (as lender) and XZX (as borrower) in relation to the extension of the maturity date of the 2020 XZX Loan (the “ <b>2022 XZX Loan</b> ”)
“HK\$”	Hong Kong dollar(s), the lawful currency of Hong Kong
“RMB”	Renminbi, the lawful currency of the PRC
“%”	per cent.

By Order of the Board  
**China Harmony Auto Holding Limited**  
**Feng Changge**  
*Chairman and Executive Director*

Hong Kong, 22 September 2022

*The English transliteration of the Chinese names in this announcement, where indicated with “\*”, is included for information only, and should not be regarded as the official English names of such Chinese names.*



*For the purposes of illustration only, amounts denominated in RMB in this announcement have been translated into HK\$ at the rate of RMB1.00 = HK\$1.20. Such translation should not be construed as a representation that the amounts in question have been, could have been or could be converted at any particular rate or at all.*

*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 are Mr. Wang Nengguang, Mr. Lau Kwok Fan and Mr. Chan Ying Lung.*