HUAZHONG IN-VEHICLE HOLDINGS COMPANY LIMITED
華 眾 車 載 控 股 有 限 公 司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 6830)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2023

FINANCIAL HIGHLIGHTS

- Revenue was approximately RMB1.9 billion, representing a decrease of approximately 3.9% when compared to that of the year ended 31 December 2022.

- Profit attributable to owners of the parent amounted to approximately RMB38.6 million, representing a decrease of approximately 64.4% when compared to that of the year ended 31 December 2022.

- Gross profit margin was approximately 27.1%, representing an increase of about 2.8% when compared to that of the year ended 31 December 2022.

- Basic earnings per share attributable to owners of the parent was approximately RMB2.18 cents (2022: approximately RMB6.12 cents).

- The Board recommends the payment of a final dividend of RMB0.2464 cent (equivalent to HK0.2717 cent at exchange rate of HK$1 equals to RMB0.9071) per ordinary share for the year ended 31 December 2023 (2022: RMB0.7346 cent per share (equivalent to HK0.8389 cent per share)), During the Year, no interim dividend was declared.

ANNUAL RESULTS

The board (the "**Board**") of directors (the "**Directors**") of Huazhong In-Vehicle Holdings Company Limited (the "**Company**") is pleased to announce the consolidated financial results of the Company and its subsidiaries (collectively, the "**Group**") for the year ended 31 December 2023 (the "**Year**"), together with the comparative figures for the year ended 31 December 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2023

	Notes	**2023** *RMB'000*	2022 *RMB'000*
REVENUE	*4*	**1,850,711**	1,924,917
Cost of sales		**(1,349,788)**	(1,458,002)
Gross profit		**500,923**	466,915
Other income and gains, net	*4*	**27,974**	105,247
Selling and distribution expenses		**(127,557)**	(120,671)
Administrative expenses		**(304,716)**	(270,758)
Impairment losses on financial assets, net		**(39,064)**	(27,770)
Other expenses		**(7,785)**	(894)
Finance income	*5*	**4,994**	6,230
Finance costs		**(23,748)**	(27,976)
Share of profits of:			
Joint ventures		**26,064**	12,976
PROFIT BEFORE TAX	*6*	**57,085**	143,299
Income tax expense	*7*	**(8,621)**	(25,648)
PROFIT FOR THE YEAR		**48,464**	117,651
Attributable to:			
Owners of the parent		**38,550**	108,297
Non-controlling interests		**9,914**	9,354
		48,464	117,651
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	*9*		
Basic and diluted			
— For profit for the year		**RMB0.0218**	RMB0.0612

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2023

	2023	2022
	RMB'000	*RMB'000*
PROFIT FOR THE YEAR	**48,464**	117,651
OTHER COMPREHENSIVE INCOME		
Other comprehensive income that may be reclassified to profit or loss in subsequent periods:		
Exchange differences:		
Exchange differences on translation of foreign operations	**(13)**	—
Net other comprehensive loss may be reclassified to profit or loss in subsequent periods	**(13)**	—
Equity investments designated at fair value through other comprehensive income:		
Changes in fair value	**111,895**	(1,643)
Income tax effect	**(27,974)**	411
Net other comprehensive income that will not be reclassified to profit or loss in subsequent periods	**83,921**	(1,232)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**83,908**	(1,232)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**132,372**	116,419
Attributable to:		
Owners of the parent	**122,458**	107,065
Non-controlling interests	**9,914**	9,354
	132,372	116,419

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2023

	Notes	2023 RMB'000	2022 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**935,482**	936,244
Investment properties		**28,411**	31,302
Right-of-use assets		**231,977**	207,882
Intangible assets		**5,244**	5,489
Investments in joint ventures		**132,342**	106,278
Prepayments for acquiring property, plant and equipment		**56,384**	16,812
Equity investments designated at fair value through other comprehensive income		**172,598**	60,703
Pledged deposits		**30,000**	—
Deferred tax assets		**27,505**	21,719
Amounts due from related parties		**23,000**	—
Other non-current assets		**2,175**	—
Total non-current assets		**1,645,118**	1,386,429
CURRENT ASSETS			
Inventories		**464,536**	418,152
Trade and notes receivables	*10*	**790,240**	706,686
Prepayments and other receivables		**279,318**	355,981
Amounts due from related parties		**92,463**	118,414
Pledged deposits		**24,091**	147,182
Cash and cash equivalents		**112,219**	114,845
Total current assets		**1,762,867**	1,861,260
CURRENT LIABILITIES			
Trade and notes payables	*11*	**875,588**	832,747
Other payables and accruals		**260,274**	269,313
Interest-bearing bank and other borrowings		**262,062**	309,511
Amounts due to related parties		**11,422**	8,426
Amounts due to the ultimate controlling shareholder		—	75
Income tax payable		**38,802**	72,338
Total current liabilities		**1,448,148**	1,492,410

CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(continued)*

31 December 2023

	2023	2022
	RMB'000	*RMB'000*
NET CURRENT ASSETS	**314,719**	368,850
TOTAL ASSETS LESS CURRENT LIABILITIES	**1,959,837**	1,755,279
NON-CURRENT LIABILITIES		
Interest-bearing bank and other borrowings	**349,315**	297,047
Government grants	**17,791**	17,194
Deferred tax liabilities	**39,199**	11,081
Total non-current liabilities	**406,305**	325,322
Net assets	**1,553,532**	1,429,957
EQUITY		
Equity attributable to owners of the parent		
Issued capital	**142,956**	142,956
Reserves	**1,243,767**	1,134,305
	1,386,723	1,277,261
Non-controlling interests	**166,809**	152,696
Total equity	**1,553,532**	1,429,957

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board ("**IASB**") and the disclosure requirements of the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for certain equity investments which have been measured at fair value. The financial statements are presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (collectively referred to as the "**Group**") for the year ended 31 December 2023. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

Generally, there is a presumption that a majority of voting rights results in control.

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained earnings, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.1 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following new and revised IFRSs for the first time for the current year's financial statements.

– IFRS 17	*Insurance Contracts*
– Amendments to IAS 1 and IFRS Practice Statement 2	*Disclosure of Accounting Policies*
– Amendments to IAS 8	*Definition of Accounting Estimates*
– Amendments to IAS 12	*Deferred Tax related to Assets and Liabilities arising from a Single Transaction*
– Amendments to IAS 12	*International Tax Reform – Pillar Two Model Rules*

The nature and the impact of the new and revised IFRSs that are applicable to the Group are described below:

(a) Amendments to IAS 1 require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to IFRS Practice Statement 2 *Making Materiality Judgements* provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. The Group has disclosed the material accounting policy information in note 2 to the financial statements. The amendments did not have any impact on the measurement, recognition or presentation of any items in the Group's financial statements.

(b) Amendments to IAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. Since the Group's approach and policy align with the amendments, the amendments had no impact on the Group's financial statements.

(c) Amendments to IAS 12 *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* narrow the scope of the initial recognition exception in IAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions.

Prior to the initial application of these amendments, the Group applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases. The Group has applied the amendments on temporary differences related to leases as at 1 January 2022. Upon initial application of these amendments, the Group recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets at 1 January 2022, which have been reflected in the reconciliation disclosed in note 29 to the financial statements. However, they did not have any material impact on the overall deferred tax balances presented in the consolidated statement of financial position as the related deferred tax balances qualified for offsetting under IAS 12.

(d) Amendments to IAS 12 *International Tax Reform – Pillar Two Model Rules* introduce a mandatory temporary exception from the recognition and disclosure of deferred taxes arising from the implementation of the Pillar Two model rules published by the Organisation for Economic Co-operation and Development. The amendments also introduce disclosure requirements for the affected entities to help users of the financial statements better understand the entities' exposure to Pillar Two income taxes, including the disclosure of current tax related to Pillar Two income taxes separately in the periods when Pillar Two legislation is effective and the disclosure of known or reasonably estimable information of their exposure to Pillar Two income taxes in periods in which the legislation is enacted or substantively enacted but not yet in effect. The Group has applied the amendments retrospectively. Since the Group did not fall within the scope of the Pillar Two model rules, the amendments did not have any impact to the Group.

2.2 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following revised IFRSs, that have been issued but are not yet effective, in these financial statements. The Group intends to apply these revised IFRSs, if applicable, when they become effective.

Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
Amendments to IFRS 16	*Lease Liability in a Sale and Leaseback*[2]
Amendments to IAS 1	*Classification of Liabilities as Current or Non-current (the "2020 Amendments")*[1]
Amendments to IAS 1	*Non-current Liabilities with Covenants (the "2022 Amendments")*[1]
Amendments to IAS 7 and IFRS 7	*Supplier Finance Arrangements*[1]
Amendments to IAS 8	*Definition of Accounting Estimates*[1]
Amendments to IAS 21	*Lack of Exchangeability* [2]

1 Effective for annual periods beginning on or after 1 January 2024

2 Effective for annual periods beginning on or after 1 January 2025

3 No mandatory effective date yet determined but available for adoption

Further information about those IFRSs that are expected to be applicable to the Group is described below.

Amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to IFRS 10 and IAS 28 was removed by the HKICPA. However, the amendments are available for adoption now.

Amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

The 2020 Amendments clarify the requirements for classifying liabilities as current or non-current, including what is meant by a right to defer settlement and that a right to defer must exist at the end of the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement. The amendments also clarify that a liability can be settled in its own equity instruments, and that only if a conversion option in a convertible liability is itself accounted for as an equity instrument would the terms of a liability not impact its classification. The 2022 Amendments further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. Additional disclosures are required for non-current liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments shall be applied retrospectively with early application permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 7 and IFRS 7 clarify the characteristics of supplier finance arrangements and require additional disclosure of such arrangements. The disclosure requirements in the amendments are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk. Earlier application of the amendments is permitted. The amendments provide certain transition reliefs regarding comparative information, quantitative information as at the beginning of the annual reporting period and interim disclosures. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to IAS 21 specify how an entity shall assess whether a currency is exchangeable into another currency and how it shall estimate a spot exchange rate at a measurement date when exchangeability is lacking. The amendments require disclosures of information that enable users of financial statements to understand the impact of a currency not being exchangeable. Earlier application is permitted. When applying the amendments, an entity cannot restate comparative information. Any cumulative effect of initially applying the amendments shall be recognised as an adjustment to the opening balance of retained profits or to the cumulative amount of translation differences accumulated in a separate component of equity, where appropriate, at the date of initial application. The amendments are not expected to have any significant impact on the Group's financial statements.

3. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into one single business unit that is primarily the manufacture and sale of internal and external decorative and structural automobile parts, moulds and tooling, casing and liquid tanks of air-conditioning or heater units and other non-automobile products. Management monitors the consolidated results for the purpose of making decisions about resources allocation and the Group's performance assessment. Accordingly, no segment analysis is presented.

Geographical information

(a) Revenue from external customers

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**1,788,976**	1,847,943
Overseas	**61,735**	76,974
Total	**1,850,711**	1,924,917

The revenue information above is based on the locations of the customers.

(b) Non-current assets

	2023	2022
	RMB'000	*RMB'000*
Mainland China	**1,435,967**	1,304,007
Overseas	**9,048**	—
Total	**1,445,015**	1,304,007

The non-current asset information above is based on the locations of the assets and excludes financial instruments and deferred tax assets.

Information about major customers

Revenue from operations of approximately RMB612,852,000 (2022: RMB621,949,000) was derived from sales to a single customer, including sales to a group of entities which are known to be under common control with that customer.

4. REVENUE, OTHER INCOME AND GAINS

An analysis of revenue is as follows:

	2023	2022
	RMB'000	*RMB'000*
Revenue from contracts with customers		
Sales of plastic parts and automotive parts	**1,699,526**	1,787,142
Sales of moulds and tooling	**151,185**	137,775
	1,850,711	1,924,917

Revenue from contracts with customers

(i) Disaggregated revenue information

All the revenue from contracts with customers is derived from the one single segment as defined in note 3. The category of revenue from contracts with customers based on geographical region is the same with the geographical information in note 3(a).

The recognition timing of all the revenue from contracts with customers is the goods transferred at a point in time.

The revenue recognised during the year ended 31 December 2023 that was included in contract liabilities at the beginning of the year was approximately RMB34,881,000 (2022: approximately RMB27,023,000).

(ii) Performance obligations

Information about the Group's performance obligations is summarised below:

Sale of products and materials: The performance obligation is satisfied upon delivery of the products and materials and payment is generally due within 30 to 90 days from delivery, except for new customers, where payment in advance is normally required. Some contracts provide customers with a right of return and volume rebates which give rise to variable consideration subject to constraint.

RMB46,672,000 of the remaining performance obligations (unsatisfied or partially unsatisfied) as at 31 December 2023 are expected to be recognised within one year as the performance obligations are part of contracts that have an original expected duration of one year or less. (2022: RMB34,881,000).

	2023	2022
	RMB'000	*RMB'000*
Other income		
Government grants	**5,749**	7,968
Dividend income from equity investments designated at fair value through other comprehensive income	**905**	1,509
Value -added tax preferences	**7,954**	—
Management fee	**4,285**	3,897
Net rental income from investment property operating leases, net-fixed payments	**5,636**	7,970
Others	**73**	1,073
Total other income	**24,602**	22,417
Other gains, net		
Gain on sales of scrap materials	**1,304**	967
Gain on disposal of items of property, plant and equipment and right-of-use assets	**335**	67,385
Foreign exchange gain, net	**1,061**	4,093
Gain on bargain purchase	—	8,915
Revaluation gain on previously held equity interest	—	785
Others	**672**	685
Total gains	**3,372**	82,830
Total other income and gains	**27,974**	105,247

5. FINANCE INCOME

	2023	2022
	RMB'000	*RMB'000*
Interest income on loans and receivables	**1,182**	497
Interest income on bank deposits	**3,812**	5,733
	4,994	6,230

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2023	2022
	RMB'000	*RMB'000*
Cost of inventories sold	**1,349,788**	1,458,002
Depreciation of property, plant and equipment	**109,142**	129,074
Depreciation of investment properties	**2,891**	4,125
Amortisation of right-of-use assets	**13,626**	12,985
Amortisation of intangible assets	**1,803**	1,749
Research and development costs	**86,535**	71,476
Lease payments not included in the measurement of lease liabilities	**11,621**	9,447
Auditors' remuneration	**2,570**	2,680
Employee benefit expense (excluding directors'and chief executive's remuneration):		
Wages and salaries	**282,124**	258,931
Pension scheme costs	**15,058**	16,796
Total	**297,182**	275,727
Gross rental income	**(11,422)**	(14,109)
Direct expenses for generating rental income	**5,786**	6,139
Rental income, net	**(5,636)**	(7,970)
Foreign exchange differences, net	**(1,061)**	(4,093)
Gain on bargain purchase	**—**	(8,915)
Impairment losses on financial assets, net	**39,064**	27,770
Gain on disposal of items of property, plant, and equipment and right-of-use assets	**(335)**	(67,385)
Dividend income from equity investments designated at fair value through other comprehensive income	**(905)**	(1,509)
Government grants	**(5,749)**	(7,970)
Interest income on bank deposits	**(3,812)**	(5,733)

7. INCOME TAX

Pursuant to the rules and regulations of the Cayman Islands and BVI, the Group is not subject to any income tax in the Cayman Islands and BVI.

No Hong Kong profits tax has been provided as there was no assessable profit earned in or derived from Hong Kong during the year ended 31 December 2023 (2022: Nil).

All of the Group's subsidiaries established in the PRC that have operations only in Chinese Mainland are subject to PRC enterprise income tax ("**EIT**") at a rate of 25% on the taxable income as reported in their PRC statutory accounts adjusted in accordance with relevant PRC income tax laws except the entities stated as follows:

Pursuant to the relevant tax rules in the PRC, Chengdu Huazhong and Chongqing Huazhong was qualified as a Western China development enterprise, and was entitled to a preferential rate of 15% during the year ended 31 December 2023 (2022: 15%).

In 2023, Ningbo Huazhong Moulding and Ningbo Hualete were accredited as a "High and New Technology Enterprise". They are entitled to a preferential rate of 15% for the three years ended 31 December 2024, 2025 and 2026.

In 2022, Ningbo Huazhong Plastic, Nanchang Huayue and Changchun Huateng were accredited as a "High and New Technology Enterprise". They are entitled to a preferential rate of 15% for the three years ended 31 December 2022, 2023 and 2024.

In 2021, Foshan Huazhong and Qingdao Huazhong were accredited as a "High and New Technology Enterprise". They are entitled to a preferential rate of 15% for the three years ended 31 December 2021, 2022 and 2023.

In 2020, Tianjin Huayou was accredited as a "High and New Technology Enterprise". It is entitled to a preferential rate of 15% for the three years ended 31 December 2021, 2022 and 2023.

The portion of annual taxable income amount of Wuhu Huazhong (as small low-profit enterprises) which did not exceed RMB1,000,000 shall be computed at a reduced rate of 25% and 12.5% as taxable income amount during the years of 2023 and 2022 respectively, and be subject to enterprise income tax at 20% tax rate; the portion of annual taxable income amount which exceeds RMB1,000,000 but does not exceed RMB3,000,000 shall be computed at a reduced rate of 25% as taxable income amount during the years of 2023 and 2022, and be subject to enterprise income tax at 20% tax rate.

The major components of income tax expense of the Group are as follows:

	2023	2022
	RMB'000	*RMB'000*
Current income tax		
Charge for the year	**13,200**	28,603
Provision in prior years	**1,064**	1,470
Deferred income tax	**(5,643)**	(4,425)
Total tax charge for the year	**8,621**	25,648

A reconciliation of the tax expense applicable to profit before tax at the statutory rate of 25% for Mainland China in which the majority of its subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate to the effective tax rate, are as follows:

	2023	2022
	RMB'000	*RMB'000*
Profit before tax	**57,085**	143,299
Tax at the statutory tax rate	**14,271**	35,825
Tax rate differences for specific provincial or local tax authority	**(174)**	(6,866)
Tax losses not recognised	**23,560**	21,062
Profits attributable to joint ventures	**(6,516)**	(3,244)
Adjustments in respect of current tax of previous periods	**1,064**	1,470
Non-taxable income	**(461)**	(261)
Expenses not deductible for tax	**2,075**	4,850
Utilisation of tax losses in previous years	**(7,834)**	(6,059)
Addition deduction of R&D expenses	**(18,240)**	(18,232)
Effect of withholding tax at 10% on the distributable profits of the Group's PRC subsidiaries rates	**876**	(2,897)
Tax charge for the year at the effective rate	**8,621**	25,648

8. DIVIDENDS

	2023	2022
	RMB'000	*RMB'000*
Proposed final — 2023: HK0.2717 cents (2022: HK0.8389 cents) per ordinary share	**4,360**	12,996
	4,360	12,996

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting. These financial statements have not reflected this proposed dividend.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 1,769,193,800 (2022: 1,769,193,800) in issue during the year.

During the year ended 31 December 2023, the calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, adjusted to reflect the interest on the share option scheme, where applicable. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise of all dilutive potential ordinary shares into ordinary shares.

No adjustment has been made to the basic earnings per share amounts presented for the year ended 31 December 2023 in respect of a dilution as the Group had no potentially dilutive ordinary shares in issue during the year.

The calculations of basic and diluted earnings per share are based on:

	2023	2022
	RMB'000	*RMB'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**38,550**	108,297

	2023	2022
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	**1,769,193,800**	1,769,193,800
Effect on dilution weighted average number of ordinary shares	**—**	—
	1,769,193,800	1,769,193,800

10. TRADE AND NOTES RECEIVABLES

	2023	2022
	RMB'000	*RMB'000*
Trade receivables	**704,864**	587,172
Notes receivable	**145,201**	142,561
Sub-total	**850,065**	729,733
Impairment of trade receivables	**(59,825)**	(23,047)
	790,240	706,686

The Group's trading terms with its customers are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one month, extending up to three months for major customers. 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 its trade receivable balances. Trade receivables are non-interest-bearing.

The Group's notes receivable are all aged within six months, for which there was no recent history of default and past due amounts. As at 31 December 2023 and 2022, the loss allowance was assessed to be minimal.

An ageing analysis of the trade receivables as at the end of the reporting period, based on the invoice date and net of loss allowance, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**614,357**	520,623
3 to 6 months	**11,028**	17,746
6 months to 1 year	**9,588**	23,031
Over 1 year	**10,066**	2,725
Total	**645,039**	564,125

Movements in the loss allowance for impairment of trade receivables are as follows:

	2023	2022
	RMB'000	*RMB'000*
At beginning of year	**23,047**	10,888
Impairment losses	**36,778**	27,770
Acquisitions of a subsidiary	**—**	7,380
Amount written off as uncollectible	**—**	(22,991)
At end of year	**59,825**	23,047

An impairment analysis is performed at each reporting date using a provision matrix to measure expected credit losses. The provision rates are based on aging for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type and customer type). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions. Generally, trade receivables are written off if past due for more than two years and are not subject to enforcement activity.

Set out below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

As at 31 December 2023

	Expected loss rate	**Gross carrying amount** *RMB'000*	**Impairment** *RMB'000*
General item:			
Current and within 1 year	0.77%	639,894	4,919
More than one year but within 2 years	75.06%	40,357	30,293
Special item:			
More than one year but within 2 years	100%	24,613	24,613
		704,864	59,825

As at 31 December 2022

	Expected loss rate	Gross carrying amount *RMB'000*	Impairment *RMB'000*
General item:			
Current and within 1 year	0.80%	565,909	4,509
More than one year but within 2 years	87.18%	21,263	18,538
		587,172	23,047

11. TRADE AND NOTES PAYABLES

An ageing analysis of the trade and notes payables of the Group as at 31 December 2023, based on the invoice date, is as follows:

	2023	2022
	RMB'000	*RMB'000*
Within 3 months	**650,703**	626,147
3 to 12 months	**207,850**	193,790
1 to 2 years	**6,318**	4,674
2 to 3 years	**10,717**	8,136
Total	**875,588**	832,747

The trade payables are non-interest-bearing and normally settled on terms of 30 to 90 days. Notes payable are generally with a maturity period of six months.

Certain notes payable were secured by pledged deposits of the Group with a carrying value of approximately RMB18,811,000 as at 31 December 2023 (2022: approximately RMB91,182,000) and notes receivable with a carrying value of RMB77,131,000 as at 31 December 2023 (2022: RMB65,570,000).

MANAGEMENT DISCUSSION AND ANALYSIS

MARKET REVIEW

During 2023, the automobile industry production and sales level had increased slightly. According to the statistics from China Association of Automobile Manufacturers, over 30.16 million vehicles were manufactured and over 30.09 million vehicles were sold in 2023, representing an increase of approximately 11.6% and approximately 12.0%, respectively, from the previous year. In terms of sales and manufacturing volumes, China has again ranked number one in the world for another year.

As a tier-one supplier with scalable production capacity and strong research and development (the "**R&D**") capability, the Group has established long-term business relationships with the leading players in the market. The solid partnership with industry leaders has provided a strong foothold for the Group to capture the growth of the automobile industry.

BUSINESS REVIEW

The Group offers one-stop solutions to its customers, from the design and manufacture of moulds and tooling for mass production of specific products to the development and manufacture of new products which meet its customers' functional requirements and specifications.

The Group offers a wide range of automobile body parts, including internal and external structural and decorative parts (such as front/rear bumper, front-end carrier, dashboard, ABCD-pillars, air inlet grille and rocker panel), air conditioning unit casings and liquid tanks through our subsidiaries and jointly controlled entities.

The Group also produces moulds and tooling for our manufacturing arm, with the ability to produce moulds and tooling for complex or large-size automobile body parts such as bumper and front-end carrier. Apart from automobile-related products, the Group also manufactures other products such as top cowl cover for engine of motorboat and office chair parts.

During the Year, the Group faced with continuously increasing production costs. As such, the Group rigorously enforced the implementation of cost controls, improved staff quality and strengthened administrative efficiency internally. Externally, the Group strived to fortify the long-term cooperation with customers, develop new market opportunities, maintain sound business operation capability, consolidate the Group's resources and improve market competitiveness. These actions successfully helped the Group in achieving the annual targets, and laid the foundation for its sustainable operation in the future.

For the Year, the Group's revenue was approximately RMB1,850.711 million, representing a decrease of approximately 3.8% as compared to approximately RMB1,924.92 million in 2022. Profit attributable to the owners of the parent for the Year was approximately RMB38.600 million, representing a decrease of approximately 64.4% as compared to approximately RMB108.3 million in 2022.

OPERATIONS ANALYSIS

The Board believes that the Group's achievements are attributable to the following aspects:

- The Group provides one-stop product development and manufacturing solutions to customers. This vertically integrated service has enabled the Group to improve production efficiency, shorten the roll-out time for new products, stringently control production cost and quality throughout the whole production process and strengthen its business relationships with customers.

- The Group has strong R&D capacity to develop new products with customers simultaneously. This enables the Group to establish close relationships with its major customers and deepen its understanding of the customers' needs.

- The Group established production bases that are located close to the production bases of most of the key automakers in China. The geographic proximity advantage enables the Group to provide services to its customers in a timely manner, strengthen its relationships with these customers and reduce transportation costs, and thereby further enhancing its competitiveness.

- The Group maintains long-term business relationships with both domestic and multinational automakers, while rigorously engaging new customers.

- The Group is equipped with strong production capabilities and refined manufacturing technology. The Group has adopted the most advanced technologies and production equipment in this industry.

- The Group has an experienced management team with deep knowledge and understanding of the automobile body parts industry.

- The Group monitors its product quality in a stringent manner. It implements sophisticated quality monitoring procedures to select and examine raw materials, semi-finished and finished products to ensure a high standard of quality.

FINANCIAL REVIEW

Revenue

The revenue of the Group was primarily derived from five categories of products:

(i) automotive interior and exterior structural and decorative parts;

(ii) moulds and tooling;

(iii) casings and liquid tanks of air conditioners and heaters;

(iv) non-automobile products; and

(v) sale of raw materials.

	2023		2022	
		Gross profit		Gross profit
	Revenue	**Margin**	Revenue	Margin
	RMB'000	***%***	*RMB'000*	*%*
Automotive interior and exterior structural and decorative parts	**1,499,149**	**28.3**	1,576,295	24.9
Moulds and tooling	**151,185**	**17.6**	137,775	17.8
Casings and liquid tanks of air conditioners and heaters	**112,223**	**23.5**	125,647	17.7
Non-automobile products	**47,466**	**43.7**	56,672	41.0
Sale of raw materials	**40,688**	**6.3**	28,528	13.7
Total	**1,850,711**	**27.1**	1,924,917	24.3

For the Year, the total revenue generated from automotive interior and exterior structural and decorative parts was approximately RMB1,499,149,000 (2022: approximately RMB1,576,295,000), accounting for approximately 81.0% of the Group's total revenue for the Year (2022: approximately 81.9%). Gross profit margin increased from approximately 24.9% in 2022 to approximately 28.3% in 2023.

For the Year, revenue from moulds and tooling was approximately RMB151,185,000 (2022: approximately RMB137,775,000), accounting for approximately 8.2% of the Group's total revenue for the Year (2022: approximately 7.2%). Gross profit margin decreased from 17.8% in 2022 to 17.6% in the Year.

For the Year, revenue from casings and liquid tanks of air conditioners and heaters was approximately RMB112,223,000 (2022: approximately RMB125,647,000), accounting for approximately 6.1% of the Group's total revenue for the Year (2022: approximately 6.5%). Gross profit margin increased from 17.7% in 2022 to 23.5% in the Year.

For the Year, revenue from non-automobile products was approximately RMB47,466,000 (2022: approximately RMB56,672,000), accounting for approximately 2.6% of the Group's total revenue for the Year (2022: approximately 2.9%). Gross profit margin increased from approximately 41.0% in 2022 to approximately 43.7% in the Year.

For the Year, revenue from sale of raw materials was approximately RMB40,688,000 (2022: approximately RMB28,528,000), accounting for approximately 2.2% of the Group's total revenue for the Year (2022: approximately 1.5%). Gross profit margin decreased to approximately 6.3% (2022: approximately 13.7%) during the Year.

Other Income and Gains

Other income and gains of the Group for the Year amounted to approximately RMB27,974,000 (2022: approximately RMB105,247,000), representing a decrease of approximately 73.4% from last year. The decrease in other income was mainly attributable to a decrease in government grants for demolition.

Selling and Distribution Expenses

The Group's selling and distribution expenses for the Year amounted to approximately RMB127,557,000 (2022: approximately RMB120,671,000). The proportion of selling and distribution expenses in sales revenue for the Year was approximately 6.9% (2022: approximately 6.3%).

Administrative Expenses

The Group's administrative expenses for the Year amounted to approximately RMB304,716,000, representing an increase of approximately 12.5% as compared to approximately RMB270,758,000 in 2022.

Share of Profits of Joint Ventures

During the Year, the Group recorded approximately RMB26,064,000 of the share of profits of joint ventures as compared to the share of profits of approximately RMB12,976,000 for 2022.

Finance Income

The Group's finance income decreased by approximately 19.8% from approximately RMB6,230,000 in 2022 to approximately RMB4,994,000 in the Year.

Finance Costs

The Group's finance costs decreased from approximately RMB27,976,000 in 2022 to approximately RMB23,748,000 in the Year, representing a decrease of approximately 15.1%, which was attributable to a decrease of borrowing interest rate during the Year.

Taxes

The Group's tax expenses decreased by approximately 66.4% from approximately RMB25,648,000 in 2022 to approximately RMB8,621,000 in the Year.

Liquidity and Financial Resources

For the Year, the net cash generated from operating activities was approximately RMB190,905,000 (2022: approximately RMB152,255,000). The cash generated from operating activities was mainly from the profits during the Year.

The net cash used in investing activities was approximately RMB174,880,000 (2022: net cash generated approximately RMB13,633,000). The net cash used in financing activities was approximately RMB19,280,000 (2022: net cash used approximately RMB113,219,000). The net cash used in investing activities was mainly used for procurement of fixed assets. The net cash used in financing activities was mainly used for repayment of bank loans.

As a result of the above-mentioned comprehensive factors, the net cash outflow of the Group was approximately RMB3,255,000 (2022: net cash inflow of approximately RMB52,669,000).

As at 31 December 2023, the cash and cash equivalents of the Group (including cash and bank deposits) was approximately RMB112,219,000 (31 December 2022: approximately RMB114,845,000).

As at 31 December 2023, the interest-bearing bank borrowings of the Group were approximately RMB593,001,000 (31 December 2022: approximately RMB594,891,000). All the interest-bearing bank borrowings were borrowed in RMB, and approximately RMB255,402,000 were due within one year. Most of the bank borrowings were borrowed at fixed interest rate.

The Board expects that the bank loans would either be settled by fund from internal resources or rolled over as it was due. All principal banks will continue to provide fund to the Group for its business operation.

Capital Commitments

As at 31 December 2023, the Group had capital commitments amounting to approximately RMB61,856,000 (31 December 2022: approximately RMB16,569,000) mainly including commitment for purchasing property, plant, and equipment.

Foreign Exchange Exposure

The sales and purchases of the Group were mainly denominated in RMB. The cash and cash equivalents of the Group were mainly denominated in RMB and Hong Kong dollars. The borrowings are denominated in RMB. Since the Group's exposure to fluctuations in foreign exchange rates was minimal, the Group has not implemented any foreign currency hedging policy at the moment. However, the management will closely monitor the foreign exchange exposure of the Group and will consider hedging the foreign exchange exposure if it becomes significant to the Group.

Capital Structure

The total number of issued and fully paid ordinary shares of the Company as at 31 December 2023 was 1,769,193,800.

Contingent Liabilities

As at 31 December 2023, the Group had no significant contingent liabilities (31 December 2022: Nil).

Pledge of Assets

As at 31 December 2023, the Group's assets of approximately RMB105,966,000 (2022: approximately RMB118,680,000) were pledged to secure some of the Group's interest-bearing bank borrowings. The book value of the pledged assets is set out below:

	2023	2022
	RMB'000	*RMB'000*
Property, plant and equipment	**30,868**	25,213
Right-of-use assets — prepaid land lease payments	**39,818**	37,467
Pledged deposits	**35,280**	56,000
Total	**105,966**	118,680

As at 31 December 2023, pledged deposits with a carrying value of RMB35,280,000 (2022: RMB56,000,000) were pledged to secure the bank loans granted to the Group.

Certain notes payables were secured by pledged deposits of the Group with a carrying value of RMB18,811,000 as at 31 December 2023 (2022: RMB91,182,000) and notes receivables with a carrying value of RMB77,131,000 as at 31 December 2023 (2022: RMB65,570,000).

Gearing Ratio

As at 31 December 2023, the Group's gearing ratio was approximately 54.3%, representing a decrease of about 1.2% as compared with the gearing ratio of approximately 55.5% as at 31 December 2022. The gearing ratio is derived by dividing net liabilities (including interest-bearing bank borrowings, trade and notes payables, other payables and accruals, and payables to related parties and the ultimate controlling shareholder less cash and cash equivalents) by total capital (including equity attributable to owners of the parent company) plus net liabilities at the end of the respective years.

SIGNIFICANT INVESTMENTS HELD, MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES AND FUTURE PLANS FOR MATERIAL INVESTMENTS OR CAPITAL ASSETS

Connected Transactions in Relation to Acquisition of Properties and Car Parking Spaces

Sale and Purchase Agreement I

On 23 November 2023, Ningbo Huazhong Plastic Products Co., Ltd. ("**Ningbo Huazhong Plastic**"), a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement I with Ningbo Huayou Properties Co., Ltd. ("**Ningbo Huayou Properties**"), pursuant to which Ningbo Huayou Properties agreed to sell and Ningbo Huazhong Plastic agreed to purchase the Office Units at a consideration of RMB40,742,245 (equivalent to approximately HK$43,808,866) which will be satisfied by internal resources of the Group.

As at the date hereof, Ningbo Huayou Properties is owned as to 82% by Mr. Zhu Jianfeng and 18% by 寧波市華翔科技有限公司 (Ningbo Huaxiang Technology Co., Ltd.*), each an independent third party, respectively. Mr. Zhou Minfeng, the chairman of the Board of the Company, is a director of Ningbo Huayou Properties and has significant influence over the company. Ningbo Huayou Properties is therefore a connected person of the Company under the Listing Rules. Accordingly, the purchase of the Office Units by Ningbo Huazhong Plastic from Ningbo Huayou Properties constitutes a connected transaction for the Company under the Listing Rules.

Sale and Purchase Agreement II

On 23 November 2023, Ningbo Huazhong Plastic, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement II with Ningbo Huayou Properties, pursuant to which Ningbo Huayou Properties agreed to sell and Ningbo Huazhong Plastic agreed to purchase the Commodity Housing Units at a consideration of RMB9,332,305 (equivalent to approximately HK$10,034,737) which will be satisfied by internal resources of the Group.

As at the date hereof, Ningbo Huayou Properties is owned as to 82% by Mr. Zhu Jianfeng and 18% by 寧波市華翔科技有限公司 (Ningbo Huaxiang Technology Co., Ltd.*), each an independent third party, respectively. Mr. Zhou Minfeng, the chairman of the Board of the Company, is a director of Ningbo Huayou Properties and has significant influence over the company. Ningbo Huayou Properties is therefore a connected person of the Company under the Listing Rules. Accordingly, the purchase of the Commodity Housing Units by Ningbo Huazhong Plastic from Ningbo Huayou Properties constitutes a connected transaction for the Company under the Listing Rules.

Sale and Purchase Agreement III

On 23 November 2023, Ningbo Huazhong Plastic, a wholly-owned subsidiary of the Company, entered into the Sale and Purchase Agreement III with Ningbo Huayou Properties, pursuant to which Ningbo Huayou Properties agreed to sell and Ningbo Huazhong Plastic agreed to purchase the 122 Car Parking Spaces at a consideration of RMB9,948,000 (equivalent to approximately HK$10,696,774) which will be satisfied by internal resources of the Group.

Ningbo Huayou Properties is owned as to 82% by Mr. Zhu Jianfeng and 18% by 寧波市華翔科技有限公司 (Ningbo Huaxiang Technology Co., Ltd.*), each an independent third party, respectively. Mr. Zhou Minfeng, the chairman of the Board of the Company, is a director of Ningbo Huayou Properties and has significant influence over the company. Ningbo Huayou Properties is therefore a connected person of the Company under the Listing Rules. Accordingly, the purchase of the 122 Car Parking Spaces by Ningbo Huazhong Plastic from Ningbo Huayou Properties constitutes a connected transaction for the Company under the Listing Rules.

Details of the connected transaction are set out in the announcement of the Company dated 23 November 2023.

Save as disclosed herein, during the Year, the Group did not have any significant investments or acquisition or disposal of subsidiaries, associates and joint ventures. There was no plan authorised by the Board for any material investments or additions of capital assets as at the date of this announcement.

Employees and Remuneration Policies

The Group had a total of 3,025 (2022: 3,144) employees as at 31 December 2023. Total staff costs of the Group (excluding the Directors' and chief executive's remuneration) for the Year was approximately RMB297,182,000 (2022: approximately RMB275,727,000). The increase in staff cost was mainly attributable to the increase in average salary of employees. The Group's remuneration policies were in line with relevant legislation, market conditions and the performance of our employees. Share options would be granted to certain eligible persons with outstanding performance and contributions to the Group.

Events after the Year

There were no significant events after the Year and up to the date of this announcement.

PROSPECT

From January to December in 2023, the manufacturing and sales volumes of automobiles in China reached 30.16 million and 30.09 million, respectively, with a year-on-year increase of 11.6% and 12.0%, among of which, the manufacturing and sales volumes of new energy automobiles reached 9.59 million and 9.50 million, respectively, with a year-on-year increase of 35.8% and 37.9%, accounted for 31.6% of the market share. China Association of Automobile Manufacturers expects that the total sales volume of new energy vehicles in China will reach 11.5 million in 2024, representing a growth of about 20% as compared with last year, while the penetration rate of new energy automotives will also reach approximately 37%.

The Group will actively facilitate its work regarding the deployment of aspects including customers, products and manufacturing to promote overall development. Firstly, we will continue to strive for expanding our cooperation with traditional automotive brands. As we pursue top quality craftsmanship and innovative manufacturing constantly, we will also endeavor to extend the scope of cooperation from traditional automotives to new energy automotives and aim to develop new lightweight products made of new and high-performance plastics together, in substitution for metal automotive parts. Secondly, we will continue to improve our deployment in the new energy market and strengthen our connection with new energy automotive brands. We have successful exploration in the new energy market and has worked with industry leaders in the past. We will fight for more orders and customers on that basis and seek to expand scale of economic effect. Lastly, we will strengthen our manufacturing deployment comprehensively. We plan to set up new manufacturing facilities in Mexico in order to achieve global business development and compete for orders from overseas manufacturers.

During the coming year, Huazhong In-Vehicle will focus on the improvement of its product mix, to better meet the demand of its automotive brand customers and enhance the cooperation with its customers. We will continue to increase the utilisation rate of our production capacity to maximise the efficiency of mass production; meanwhile, we will strengthen our management on business expenses and take revenue generating and cost control measure, striving for remarkable results of profits during the recovery of the industry.

Forward Looking Statements

This management discussion and analysis contains certain forward looking statements with respect to the financial condition, results of operations and business of the Group. These forward looking statements represent the Company’s expectations or beliefs concerning future events and involve known and unknown risks and uncertainty that could cause actual results, performance or events to differ materially from those expressed or implied in such statements.

Forward looking statements involve inherent risks and uncertainties. Readers including shareholders and investors should be cautioned that a number of factors could cause actual results to differ, in some instances materially, from those anticipated or implied in any forward looking statement.

CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions prescribed in the Corporate Governance Code (the "**CG Code**") as set out in Appendix C1 of the Rules Governing the Listing of Securities (the "**Listing Rules**") on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") as the code of the Company.

The Board is of the view that the Company complied with all applicable code provisions set out in the CG Code throughout the Year, except for the following deviation:

Code Provision C.2.1

Code provision C.2.1 of the CG Code stipulates that the role of chairman and chief executive should be separate and should not be performed by the same individual. With the support of the company secretary of the Company, the chairman of the Board (the "**Chairman**") seeks to ensure that all Directors are properly briefed on issues arising at Board meetings and received adequate and reliable information on a timely basis.

Since Mr. Zhou Minfeng now serves as both the Chairman and the chief executive of the Company (the "**Chief Executive**"), such practice deviates from code provision C.2.1 of the CG Code. The Board believes that vesting the roles of both the Chairman and the Chief Executive in the same person can facilitate the effective execution of the Group's business strategies and operation. Furthermore, there are various experienced individuals in charge of the daily business operation in the Group and the Board comprises 2 executive Directors, four non-executive Directors and four independent non-executive Directors, with a balance of skill and experience appropriate for the Group's further development. The Board will review such deviation from time to time to enhance the best interest of the Group as a whole.

A full description of the Company's corporate governance will be set out in the 2023 annual report of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix C3 of the Listing Rules (the "**Model Code**") as the code of conduct governing dealings by all the Directors in the securities of the Company. Specific enquiries have been made with all Directors, who have confirmed that, during the Year, they were in compliance with the required provisions set out in the Model Code. All of the Directors declared that they complied with the required standards of dealings as set out in the Model Code throughout the Year.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities during the Year.

DIVIDENDS

The Board recommends the payment of a final dividend of RMB0.2464 cent (equivalent to HK0.2717 cent at exchange rate of HK$1 equals to RMB0.9071) per ordinary share for the Year (2022: RMB0.7346 cent per share (equivalent to HK0.8389 cent per share at an exchange rate of HK$1 equals to RMB0.8756)). The payment of dividends shall be subject to the approval of the Shareholders of the Company at the forthcoming annual general meeting of the Company (the "**AGM**") which will be held on 3 June 2024. The proposed final dividend is expected to be paid on or before 11 July 2024. During the Year, no interim dividend was declared.

CLOSURE OF REGISTER OF MEMBERS

For the purpose of ascertaining the Shareholders' right to attend and vote at the forthcoming AGM, the register of members of the Company will be closed from Tuesday, 28 May 2024 to Monday, 3 June 2024 (both days inclusive), during which period no transfer of shares in the Company will be registered. The holders of shares whose names appear on the register of members of the Company on Monday, 3 June 2024 will be entitled to attend and vote at the AGM. In order to qualify for attending and voting at the AGM, all transfer of shares, accompanied by the relevant share certificates and transfer forms, must be lodged with the Company's Hong Kong branch share registrar and transfer office, Union Registrars Limited (the "**Branch Share Registrar**"), at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration no later than 4:00 p.m. on Monday, 27 May 2024.

In addition, for the purpose of ascertaining the Shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 12 June 2024 to Friday, 14 June 2024 (both days inclusive), during which period no transfer of shares will be registered. In order to qualify for the entitlement to the proposed final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Branch Share Registrar at Suites 3301-04, 33/F., Two Chinachem Exchange Square, 338 King's Road, North Point, Hong Kong, for registration not later than 4:00 p.m. on Tuesday, 11 June 2024.

AUDIT COMMITTEE

The audit committee of the Company (the "**Audit Committee**") consists of three members, namely Mr. Wong Luen Cheung Andrew (chairman), Mr. Wang Dongchen and Mr. Xu Jiali, all of them are the independent non-executive Directors. The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control systems of the Group.

Disclosure of financial information in this announcement complies with Appendix D2 of the Listing Rules. The Audit Committee has provided supervision over the Group's financial reporting process. The Audit Committee has reviewed the accounting standards and practices adopted by the Group and discussed the auditing and financial reporting matters, including the review of the annual results of the Group for the Year. The Audit Committee has reviewed the annual results of the Group for the Year and is of the view that the announcement of annual results for the Year is prepared in accordance with applicable accounting standards, rules and regulations and appropriate disclosures have been duly made.

SCOPE OF WORK OF ERNST & YOUNG

The figures in respect of the Group's consolidated statement of profit or loss, consolidated statement of comprehensive income and consolidated statement of financial position, and the related notes thereto for the Year have been agreed by the Company's auditor to the amounts set out in the Group's consolidated financial statements for the Year. The work performed by the Company's auditor in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the Company's auditor on this preliminary results announcement.

APPRECIATION

The chairman of the Board would like to take this opportunity to thank his fellow Directors for their invaluable advices and guidance, and to each and everyone of the staff of the Group for their hard work and loyalty to the Group.

PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT

This annual results announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (http://www.cn-huazhong.com). The annual report of the Company for the Year containing all the information required by the Listing Rules will be dispatched to the Shareholders and published on the websites of the Stock Exchange and the Company in due course.

By order of the Board
Huazhong In-Vehicle Holdings Company Limited
Zhou Minfeng
Chairman and Chief Executive

Hong Kong, 28 March 2024

As at the date of this announcement, the executive Director is Mr. Zhou Minfeng; the non-executive Directors are Ms. Lai Cairong, Mr. Guan Xin and Mr. Yu Zhuoping; and the independent non-executive Directors are Mr. Wong Luen Cheung Andrew, Mr. Wang Dongchen and Mr. Xu Jiali.