

China Harmony New Energy Auto Holding Ltd.

2018 Annual Results Presentation



HARMONY AUTO
和諧汽車



Stock Code : 3836.HK

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Catalogue

- Industry Overview
- Company Overview
- Financial Highlights
- Future Strategy

01 Industry Overview

In 2018, China's automobile industry recorded a negative growth in sales volume for the first time in the past 20 years. According to China Association of Automobile Manufacturers (中國汽車工業協會), compared with 2017 the sales volume of passenger vehicles in China was 23.71 million units, representing a year-on-year decrease of 4.1%. On the contrary, according to relevant statistics, an upward trend was seen in the sales volume of luxury vehicles in the PRC market in 2018 with a total sales volume of over 2.8 million units. The growth in the luxury vehicle market of China was primarily attributable to consumption upgrade driven by the increasing demand from second and third-tier cities. Given to the current trend, such second- and third-tier cities that are mainly formed by provincial capitals and sub-provincial cities in the central and western regions have become the main contributors to luxury vehicle consumption.

Despite the decline in overall sales volume of vehicles nationwide, the sales volume of new energy vehicles continued rapid growth in 2018. According to CPCA, the sales volume of new energy passenger vehicles of wholesaler for the year was 1.008 million units, representing a year-on-year increase of 88.5%. The rapid growth in the sales volume of new energy vehicles has become one of the highlights in the automobile market in China in 2018.



02 Company Overview

- **One Body Three Wings Strategy**
- 4s Dealer Shop
- BYTON
- Independence Aftersales Company
- New Energy Automotive Sales

One Body Three Wings Strategy I



In 2018, we refine our business strategy into “One Body Three Wings”. We increase the Sale service of NEV Business to build the stable and balance of our auto service ecosystem.

The new energy vehicle sales business is an extension and supplement of the “one body” (luxury automobile 4S shop business), meanwhile together with the other “two wings” – New Energy vehicles manufacture and comprehensive after-service business.

We build a auto service ecosystem covering EV manufacture, sales and after-sales.

It has formed an automobile service industry ecosystem with mutual support.

This is our unique strategy and will make us stand out from market competitions.



02 Company Overview

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4S Dealership | Brand Portfolio



Operating 4 ultra-luxury brands :

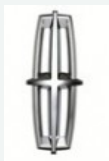
Bentley / Maserati / Rolls-Royce / Ferrari



Operating 10 luxury brands :

BMW / MINI / Lexus / Jaguar / Land Rover

Volvo / Zinoro / Alfa Romeo / Lincoln / Audi



The Group had a total of **67**
dealership outlets

As the date of 31 December 2018



13 New outlets opened in 2018



1 shop



2 shops



2 shops



2 shops



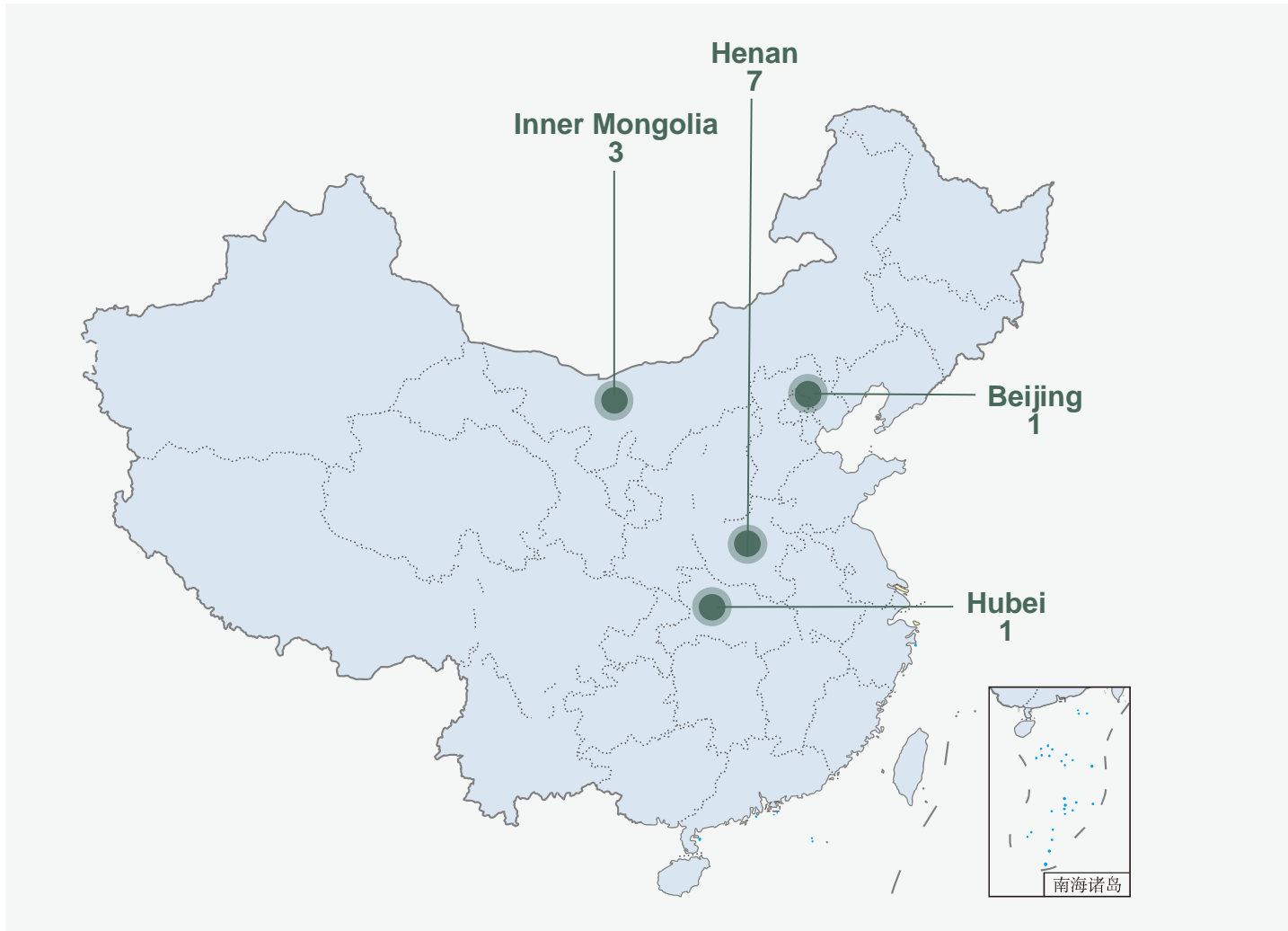
2 shops



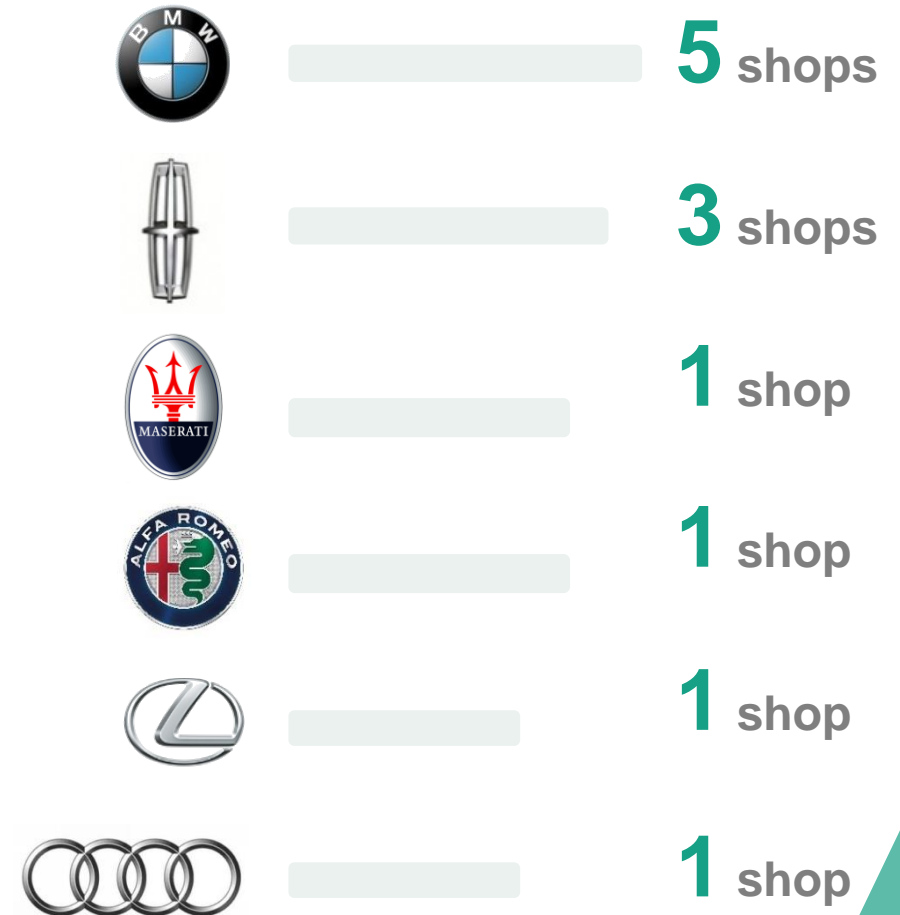
4 shops

4S Dealership | Outlets Network Expansion

- Regional distribution of outlets authorized to open

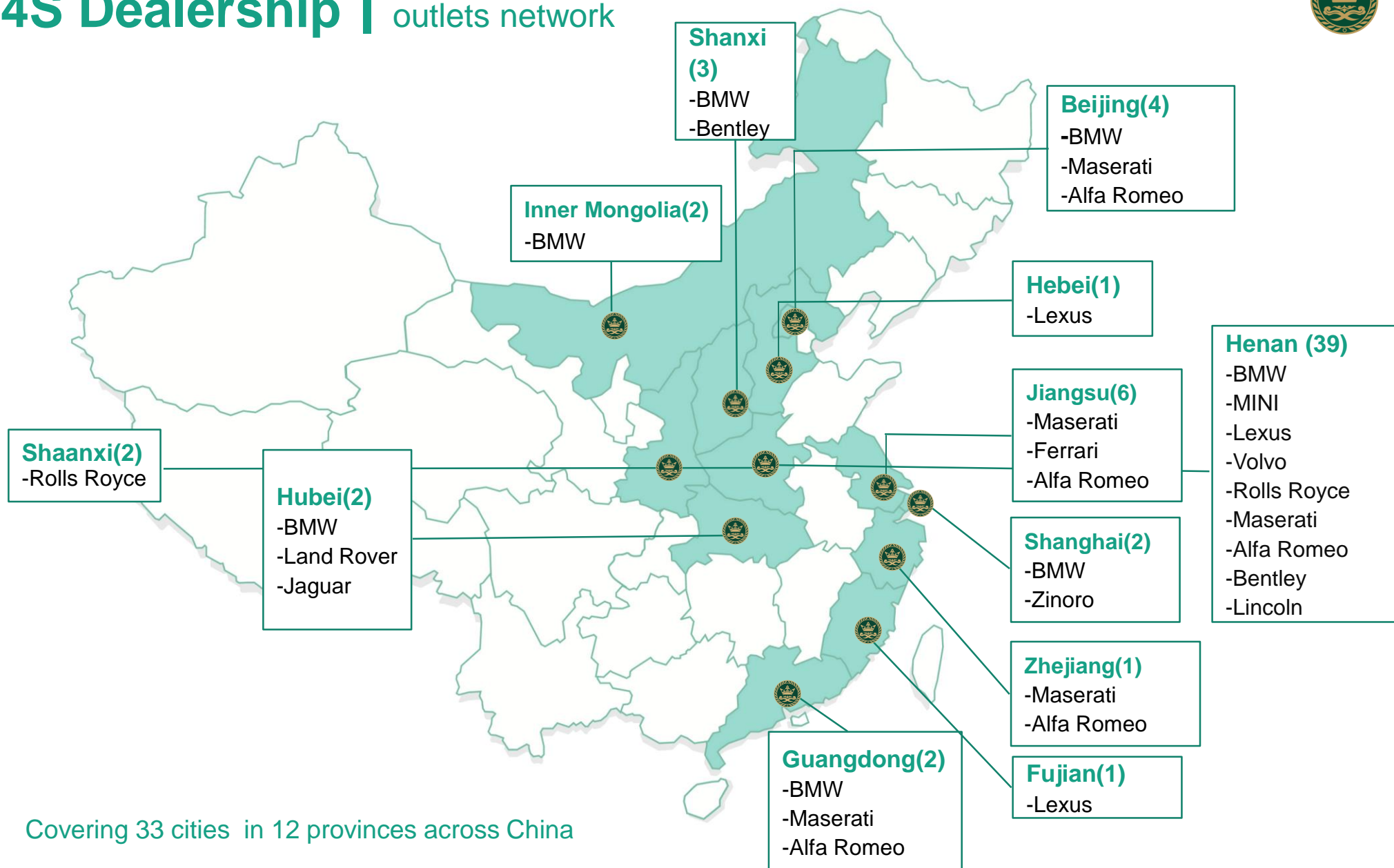


- 12** outlets authorized to open





4S Dealership | outlets network



- Covering 33 cities in 12 provinces across China



02 Company Overview

- One Body Three Wings Strategy
- 4s Dealer Shop
- **BYTON**
- Independence Aftersales Company
- New Energy Automotive Sales

BYTON| M-Byte Concept Car



BYTON | Global Vision



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BYTON is the only China-rooted premium EV start-up which combines truly global auto experience and leading-edge tech capabilities.

- Concept Design

Munich, Germany

German engineering
standard & spirit

- Global R&D Center headquarters, Production Center

Nanjing, China

Beijing, China
Government affairs
and public relations

Shanghai, China
Marketing

Hong Kong SAR
Fundraising

China manufacturing
& innovation Local
know-how

Software Development

Silicon Valley, USA

Silicon Valley
technological innovation

Q4 2019 delivery
D premium SUV BYTON M- Byte



- L*W*H 4,860/1,960/1,650mm
- The wheel base reaches 2945mm
- The vehicle weight is 2,090-2,350KG
- The cruising range is 400/520 km
- 80% of electricity will be charged in full in 30 minutes
- The highest speed is 180km/h
- The acceleration of 0-100km/h in 5.5 seconds

2021
D premium Sedan K-Byte



- L*W*H 4950mm,1950mm and 1500mm
- The wheel base reaches 3000mm
- The cruising range is 400/520 km
- 80% of electricity will be charged in full in 30 minutes

2023
E Premium MPV



MPV

Benchmarking model:
Toyota Alphard

Q4 2019 delivery

D Class Premium SUV BYTON M- Byte



Basic Information:

- L * W * H: 4,860 * 1,960 * 1,650mm
- The wheel base reaches 2945mm
- NEDC range: 400km and 520km
- 80% of electricity will be charged in full in 30 minutes
- 180 km/h top speed
- 5.5s 0-100km/h acceleration
- L3 autonomous capable

- The dashboard features a new wraparound design with air conditioning vents, gear selector, and other hard buttons located in the center along with a driver monitoring system to ensure safety during assisted-driving modes.
- The Shared Experience Display is a 48-inch-wide curved display with three areas for content. In full screen mode of SED, the user can interact with the SED via both, a 7-inch Driver Tablet and an 8-inch Touch Pad. The SED is not a touch device itself.
- An 8-inch BYTON Touch Pad has been added between the driver and the front passenger seats on the production model, enabling the front passenger to control the SED and enjoy the same interactive experience as the driver.

BYTON | M-byte Fashionable And Futuristic Exterior Look



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BYTON | K-Byte Concept Car- BYTON Night in Shanghai



2021 D Class Premium Sedan K-Byte



- K-Byte Concept Car launches on BYTON Night 28 June 2018
- Retractable sensors based on autonomous mode/self-driving mode
- BYTON Li-Guards & LiBow
- L4 AD hardware ready
- More details to be revealed...



2023 E Premium MPV



- More details to be revealed...

BYTON | Significant process and have a sound credible plan to start commercial production

2017

2018

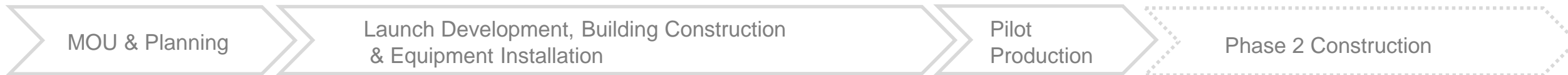
2019

2020-2022+

• Product R&D



• Production and License

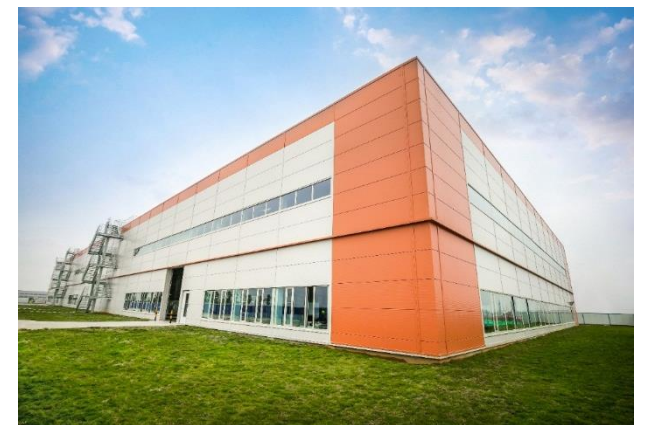


• Fundraising

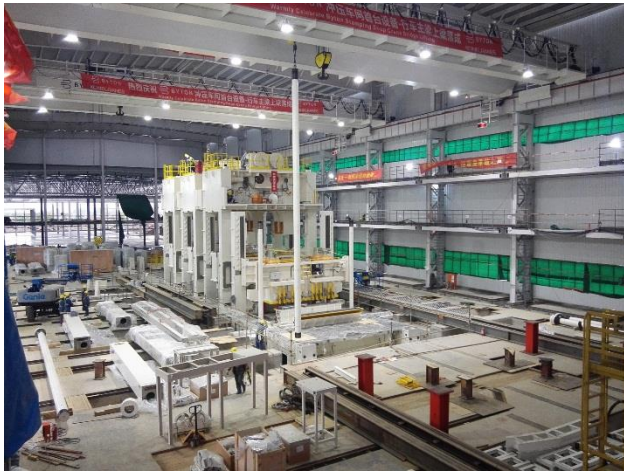


BYTON | The state-of-art plant is nearly ready

Solid progress has been made in the construction of Intelligent Manufacturing Plant in Nanjing. In April 2018, the Prototype Room in the smart manufacturing base in Nanjing plant had been put into operation officially and the first batch of M-Byte prototype vehicles had rolled off the production line and had been put into trial operation. Five major workshops, including stamping, coating, welding, final assembly and battery, had completed construction in January 2019 and in the process of equipment installation and commissioning.



- Intelligent Manufacturing Plant in Nanjing



- Stamping Room

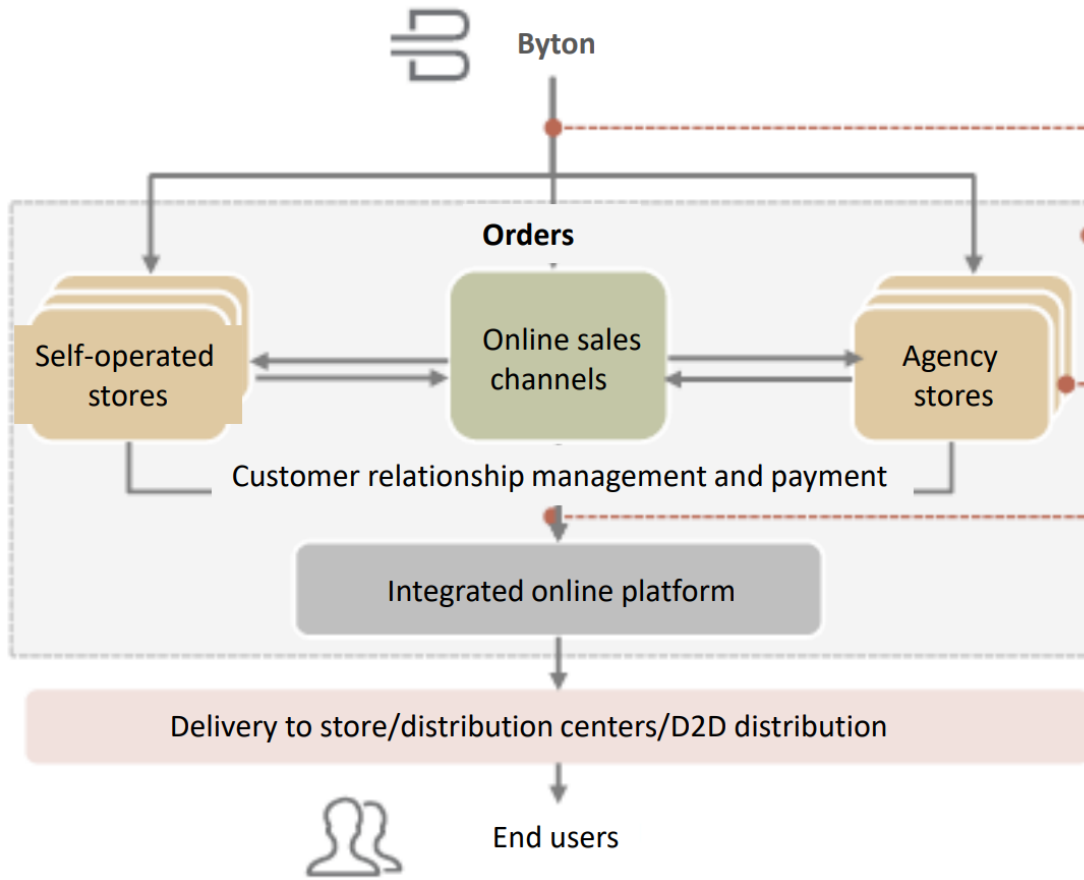


- Pilot shop



- The first batch of M-byte prototype vehicles

Overview of direct sales model of Byton



Main characteristics

1 Direct sales

Centered with consumers, the direct sales provides the most perfect product and service experience to consumers with direct sales model.

2 Online and offline integrated sales channels

The channels provide online and offline integrated digital platforms and tools, enhance data integration and collaborate partners to offer all-around services to customers.

3 Zero inventory of partners

It has effectively solved the pain points of partners in their operation, kept no inventory and eased the financial pressure of partners.

4 Order-driven sales

Orders and production are produced according to consumer demand and consumers' individual needs are satisfied.

BYTON | the start of a new comprehensive sales network



BYTON's first retail outlet officially open to the public on January 20 2019.



BYTON to combine direct-sales store with BYTON Partner store to create brick-and mortar sales and service network



BYTON will open up to 30 BYTON brand stores in China covering first- and second tier cities including Beijing, Shanghai, Guangzhou, Shenzhen, Nanjing, Chongqing, Hangzhou Chengdu and more



BYTON had closed USD500 million in Series B funding in the second quarter of 2018 from multiple major investors and partners that including **FAW Group (一汽集團)**, **Contemporary Amperex Technology (寧德時代)** and **Tus-Holdings (啟迪控股)**.

Meanwhile, BYTON has started its series-C fundraising and is currently discussing with various reputable investors with abundant financial resources. The series-C fundraising is expected to be completed in mid-2019.

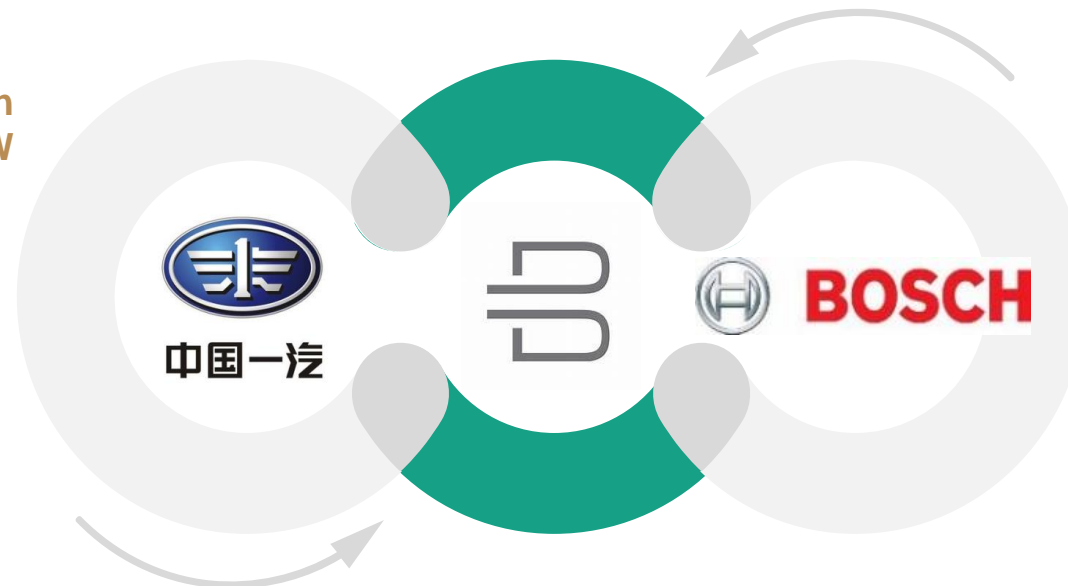


CATL



Signed the strategic cooperation framework agreement with FAW

In-depth cooperation in the field of the technology, investment, parts procurement



Signed a strategic cooperation agreement with Bosch Group

The agreement focused on powertrain technology, braking systems, and driver assistance systems.



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- **Independence Aftersales Company**
- New Energy Automotive Sales

Comprehensive After-sales Services | Luxury vehicles



High frequency
service

Community
outlets

Community outlets + Center outlets

Cost-effective service with fast response service

Attracting customers with low cost and transforming into center outlets



High-end maintenance, providing the source of profits

Low frequency
service

Center
outlets



**Supply chain
advantages of parts**

Connecting with
shareholders'
abundant supply chain
resources of parts



**Washing, beauty and
fast maintenance**

Providing high-frequency
customer-sticky service



**Professional
maintenance**

Providing stamping
injection with high gross
margin and technology
Repair service for
accident vehicles



**Deep cooperation with
insurance companies**

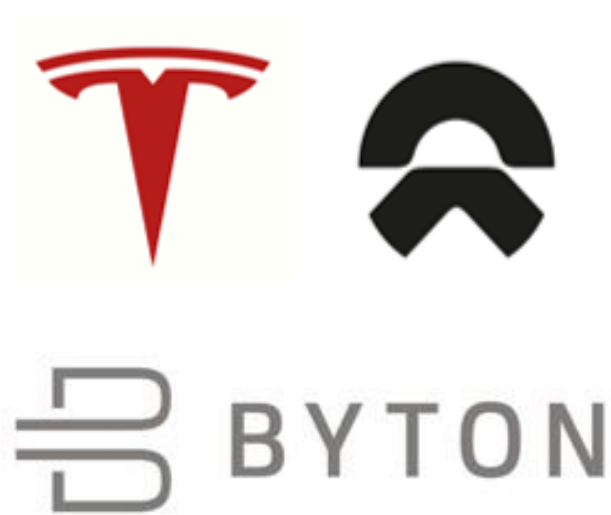
Through deep cooperation with
insurance companies, the
Company constantly improves its
capability in attracting customers
and has its loss assessment price
higher than the industry average.



SAAS system

Strong SAAS system
supports transparent store
operation and closed-loop
customer service, forming
an integrated management
mechanism of finance and
business.

Comprehensive After-sales Service | new energy vehicles



We were authorized by TESLA to be the first batch of partners authorized in the sheet-metal spraying centres in China and was one of the first batch who concentrated on the after-sales services for new energy vehicles. In 2017



We become the after-sales service company that set up the comprehensive cooperation with NIO (蔚來汽車).



In the future, we will strive to build up a new business ecosystem to provide intensive service for the new energy vehicles and brands including providing exclusive working station, sharing technician resources and supports. we are approaching various well-known innovative new energy electric vehicle companies, with an aim to become one of the largest and leading after-sales service suppliers for new energy vehicles in China.

Our Strengths

We are the first batch of enterprises to engage in the after-sale service for new energy vehicle

We have rich experience for after-sale service and equipment in terms of maintenance and repair of electric vehicle.

We reached many companies in the industry and achieved business cooperation with companies including Xiaojuchefu (小桔車服) under Didi (滴滴出行), Shouqi Limousine & Chauffeur (首汽約車) and Banma (斑馬智行). Therefore, it becomes the preferred supplier for repair and maintenance at the designated place of sharing vehicle



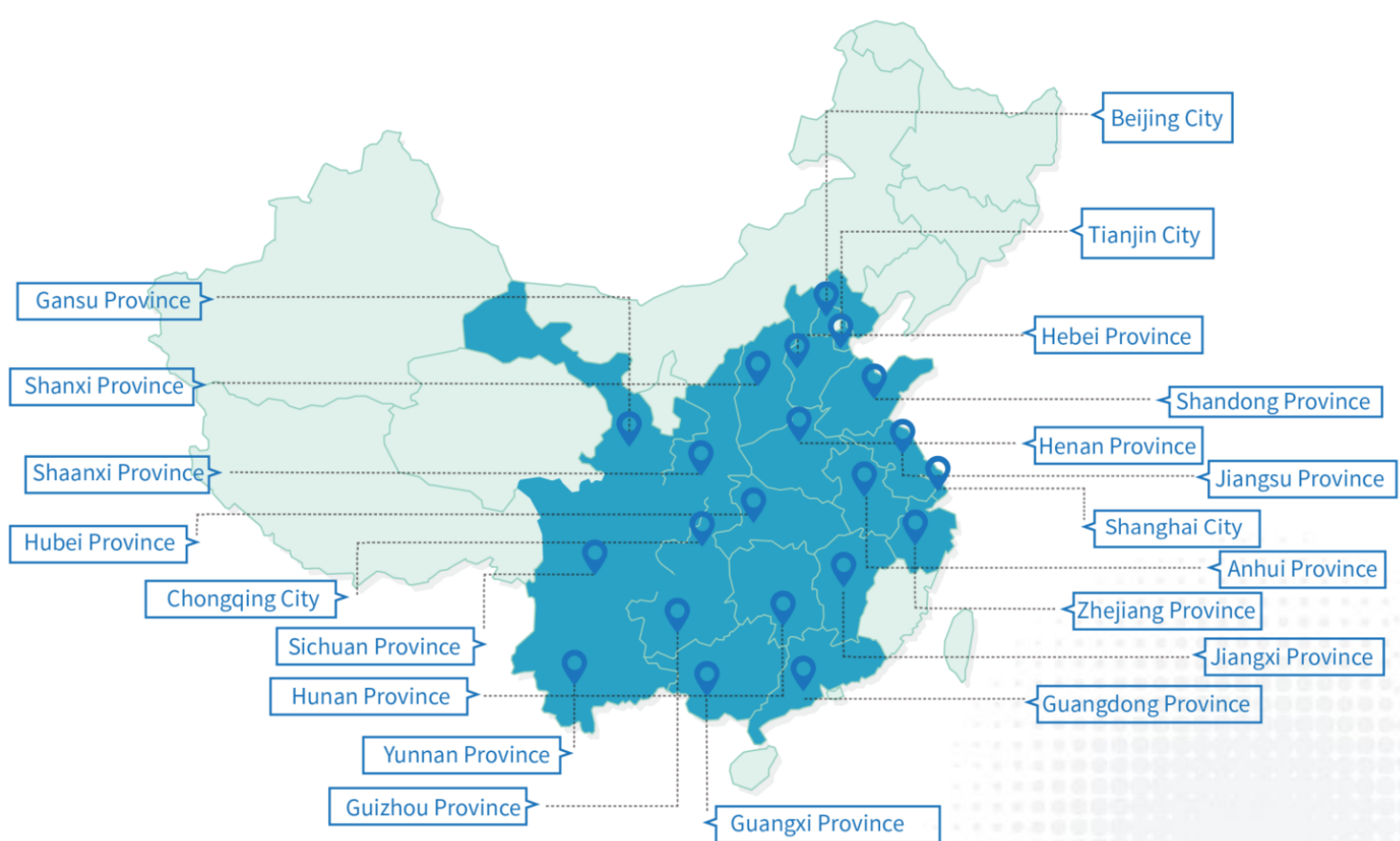
Car-Sharing operators' demand

Car-sharing has become one of main ways to travel. Most of the car-sharing operators used new energy electric vehicle.

The operators need to rely on the independent after-sales service to provide the maintenance and repair service of those vehicles.



Comprehensive After-sales Service | Outlets network



At present, Harmony Repair has a total of 80 outlets, including 42 center outlets (29 obtain A-class maintenance qualification and 13 obtain B-class maintenance qualification) and 38 community outlets (obtaining C-class maintenance qualification), covering four municipalities and 33 cities in 18 provinces across the country. The service outlets of its center outlets across the country have all obtained qualification in designated outlets, loss assessment, claim settlement and direct compensation from top three insurance companies.

Comprehensive After-sales Service | The scale of outlets

Center outlets



Stamping injection



Parts supply



Machine
maintenance



Insurance



Average gross floor area: 2000m²+



Average positions: 25+



Average number of staff: 30+

Parts logistics

Community outlets



Maintenance



Washing and
beautifying



Average gross floor area: 900m²+



Average positions: 5+



Average number of staff: 8+

Complex repair
and BP push



With reference to the ASE technician certification standard of the United States, the Company has built a technician certification system that meets the standard of harmonious development. It also has successively established its flight technician team and expert technician team, served by technical experts who have long and rich experience in luxury auto service including Benz, Audi, BMW, etc.

01

**Technician
certification
standard**



As TESLA is an electric vehicle leader in the world, Harmony Repair selected 12 technicians to study TESLA maintenance technology in batches in the United States and passed the TESLA technical certification. The 12 technicians become the first batch of TESLA global certified technicians in China. 14 technicians of Harmony Repair have obtained the first batch of certified technicians from NIO, which is a well-known auto manufacturer in China's high-performance electric vehicles.

02

**New energy
vehicle after-
sales
technology**



Based on the ultra-luxury auto carbon fiber composite repair technology of the US military technology, Harmony Repair has become the sole carbon fiber repair service provider in China.

03

**Carbon fiber
composite
repair
technology**



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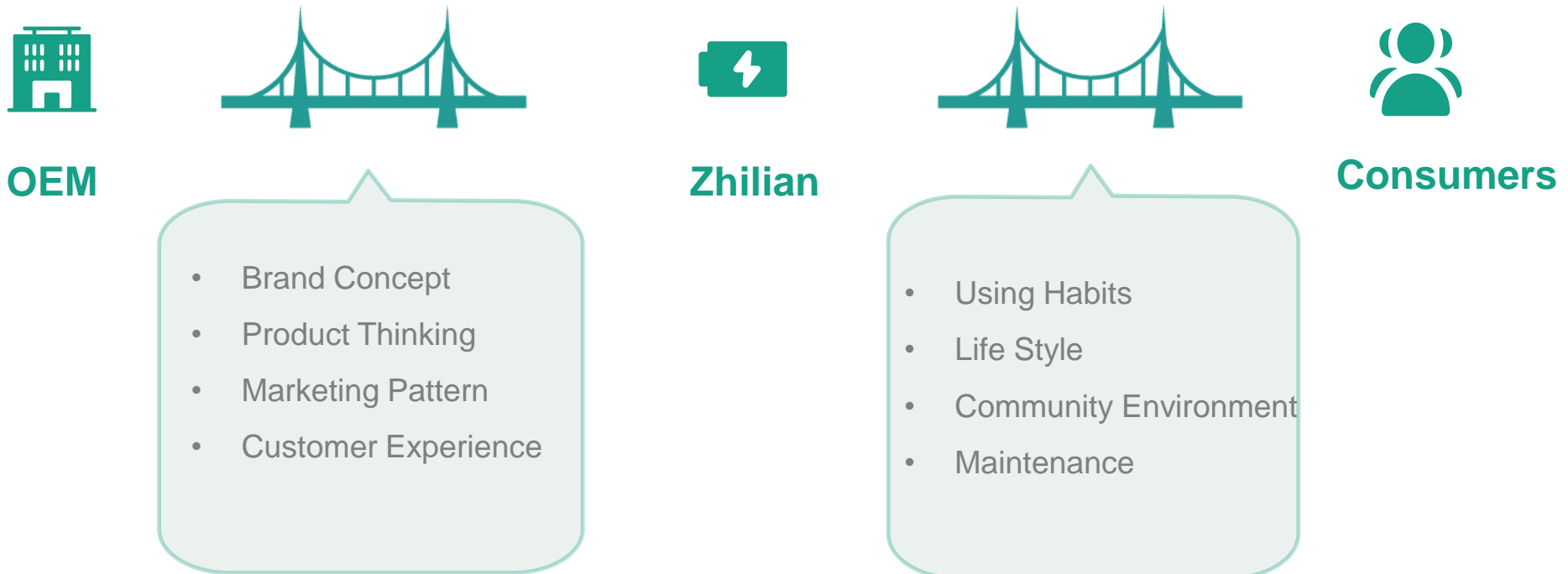


In 2018, the Group established **Beijing Automobile Zhilian New Energy Automotive Sales Co., Ltd. (北京和諧智聯新能源汽車銷售服務有限公司)** in order to adapt to the rapid development of new energy automobile industry.

The newly formed company will concentrate on the network development of the authorization and service for new energy vehicle brands across China and focus on the popularization of brands and products as well as expanding the business in sales and service in this new energyvehicle industry.

We are the connect between OEM and consumer market to achieve the perfect match.

Starting from the actual need of users, focusing on the customer experience, targeting at providing the integrated professional service and information on new energy vehicles.



We are continually adjust our operation strategy to comply with the high standard customer service request from innovation new EV enterprises.



4S dealer model

We have rich experience in managing and operating the 4s dealership which can quickly meets the request from EV enterprises.



City showroom

Due to the particularity of the new EV product, we can set up the showroom in the CBD, and provide the test drive to the customers conveniently.



Independent exhibition with after-sales

We can realize the coverage of the after-sales network by utilizing the resources of Harmony Comprehensive After-sales Service



Integrated EV sales center

We can integrated all the EV brands in the business districts, office buildings to provide one-stop service for customers



Community showroom

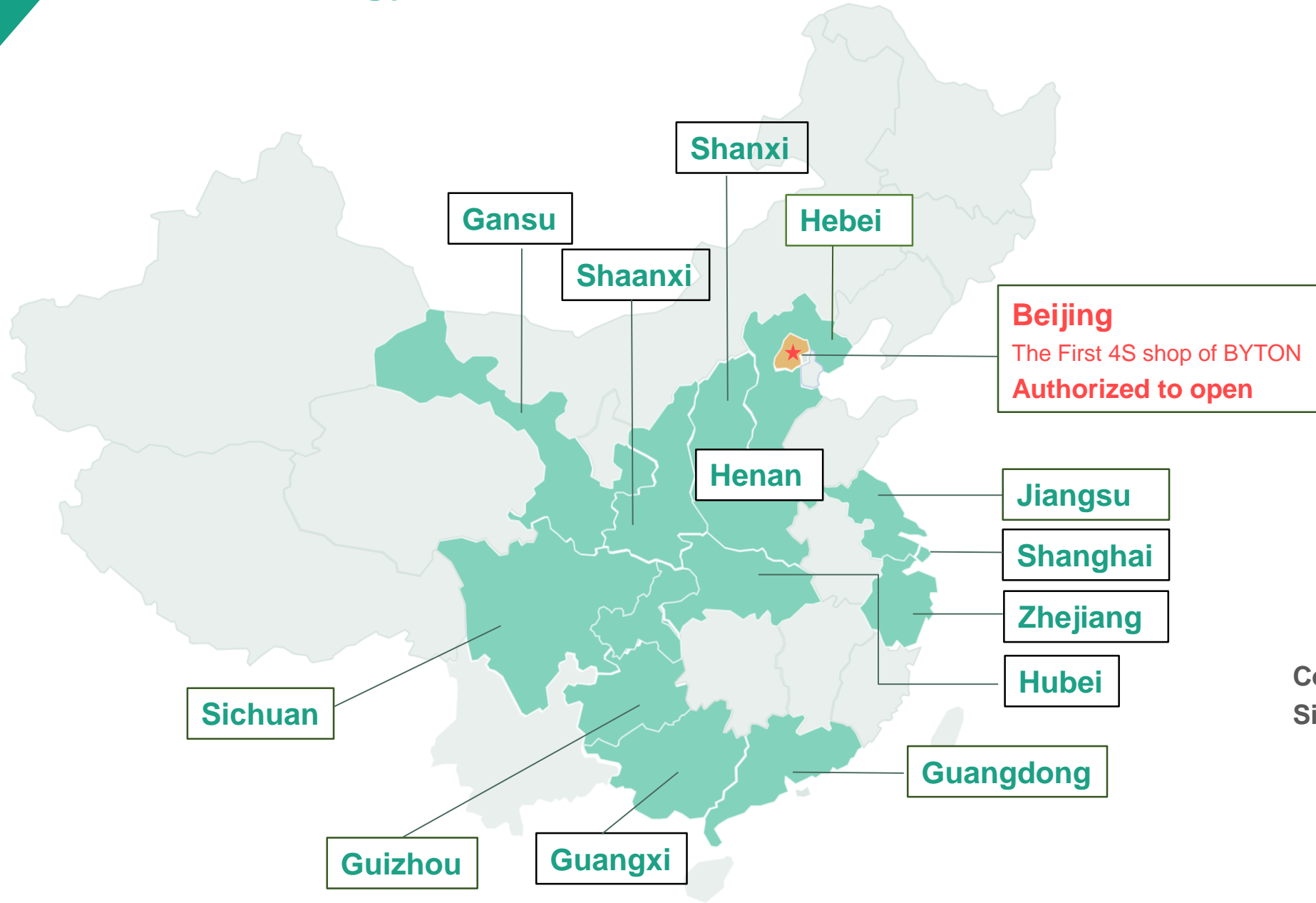
We can open an exhibition hall near the community to provide convenience for customers and provide passenger flow for the central store



Pop-up Showroom

We can get the cooperation with the shopping mall, large communities to set up the pop-up showroom or auto show, or provide the test-drive project to the potential customers.

New Energy Automotive Sales | Outlets Layout



The layout of the network focus on these areas and cities:

Central region, eastern China coastal region, southwest region and southern China.

Including Beijing Shanghai
Guangzhou Shenzhen
Chongqing Chengdu Xi'an
Lanzhou Shijiazhuang Guiyang
Nanning Zhengzhou Suzhou
Wuxi Changzhou Hangzhou
Ningbo Wuhan

Covering first-tier second-tier cities
Sinking into a third-tier, fourth-tier city



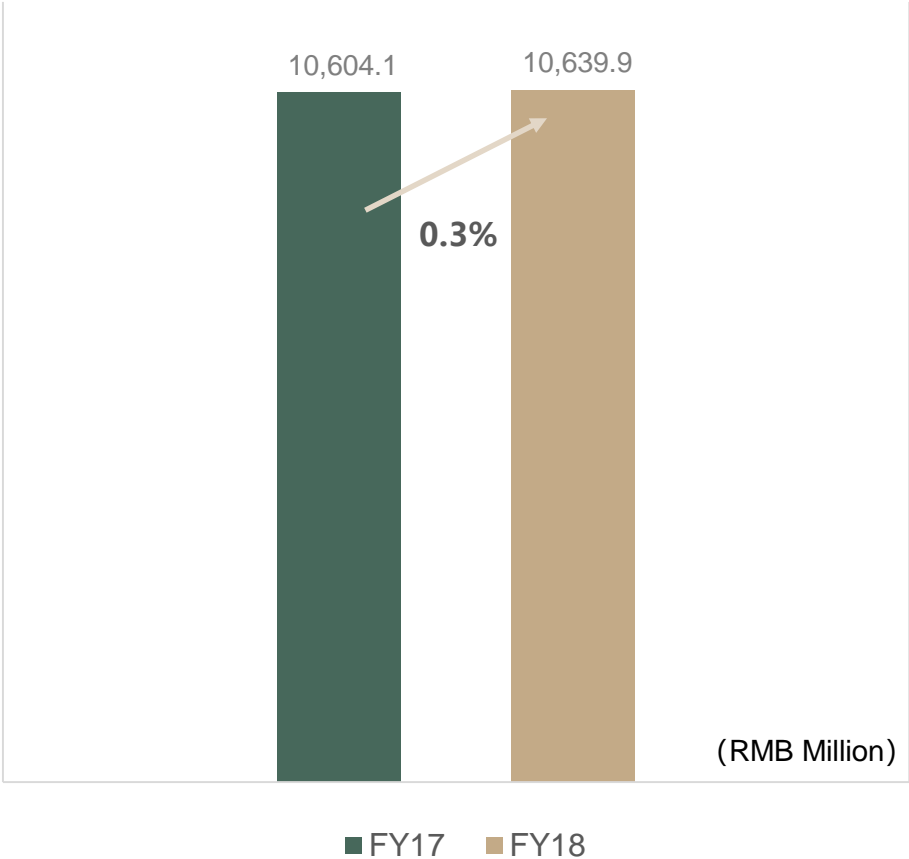
03 Financial Highlights

- Revenue structure analysis
- New vehicles sales business
- After-sales and accessories business
- Gross profit analysis
- Expenses analysis
- Asset liabilities and net profit analysis
- Consolidated results

Revenue Structure Analysis

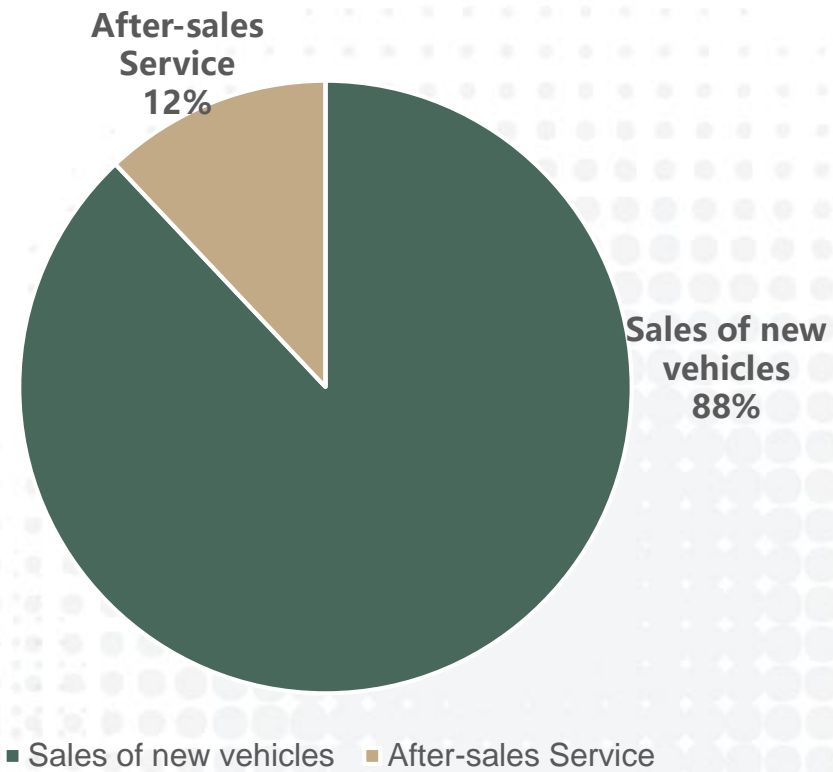


Income



Note: excluded the split business in 2017

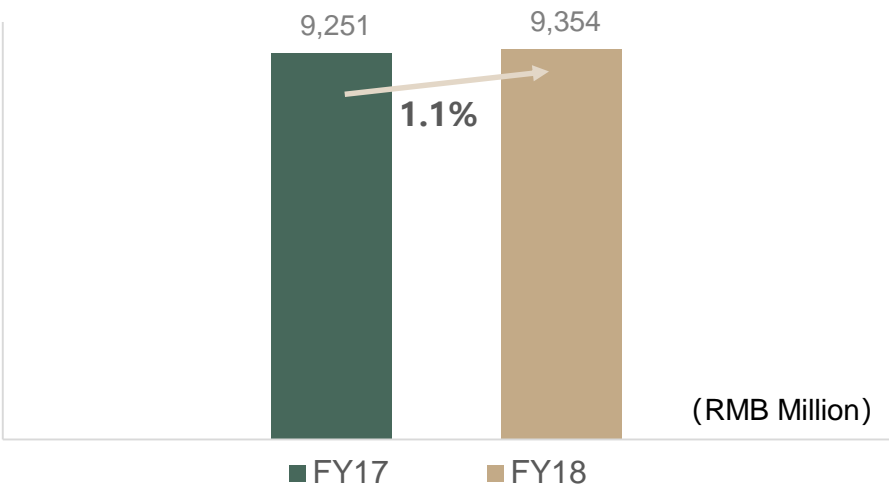
Income Structure



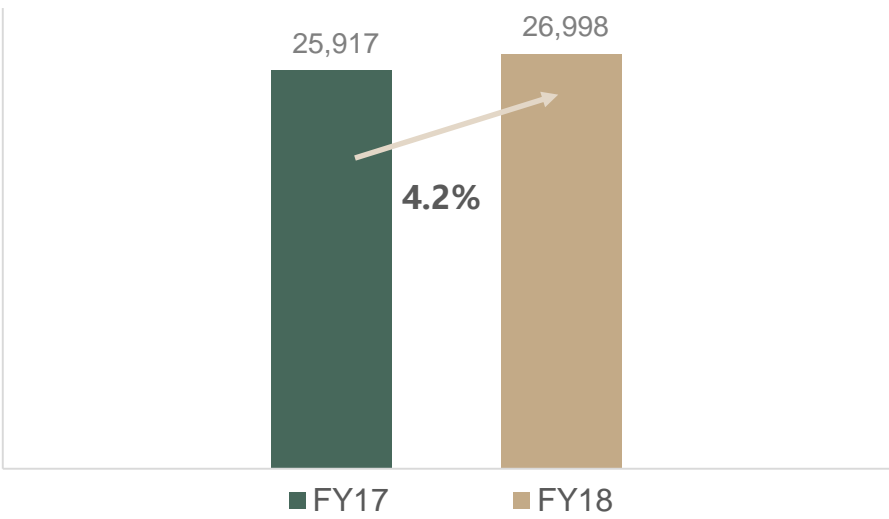
New Vehicles Sales Business



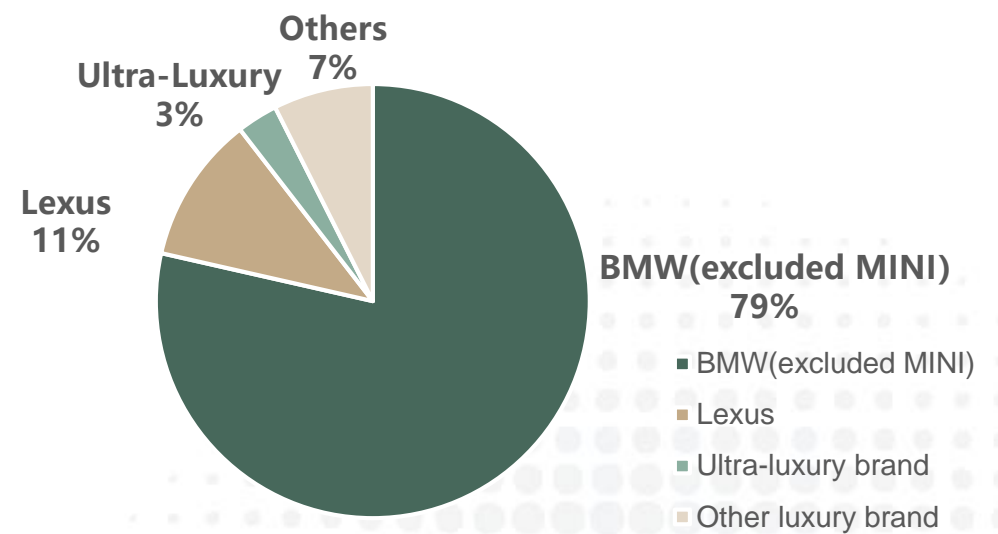
Sales volume of new vehicles



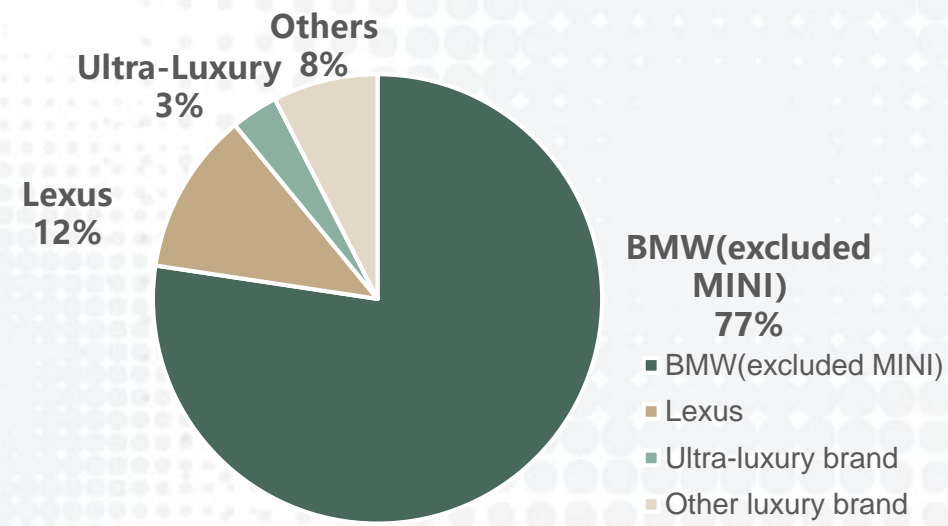
New vehicles sales



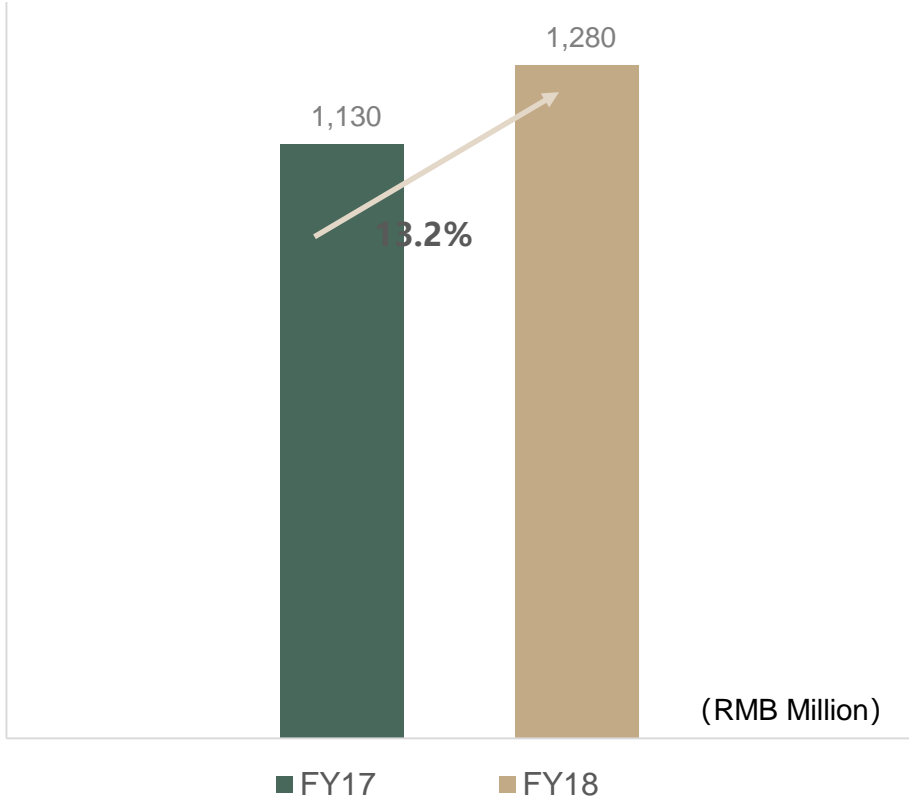
Structure of new vehicles sales



Sales volume structure of new vehicles

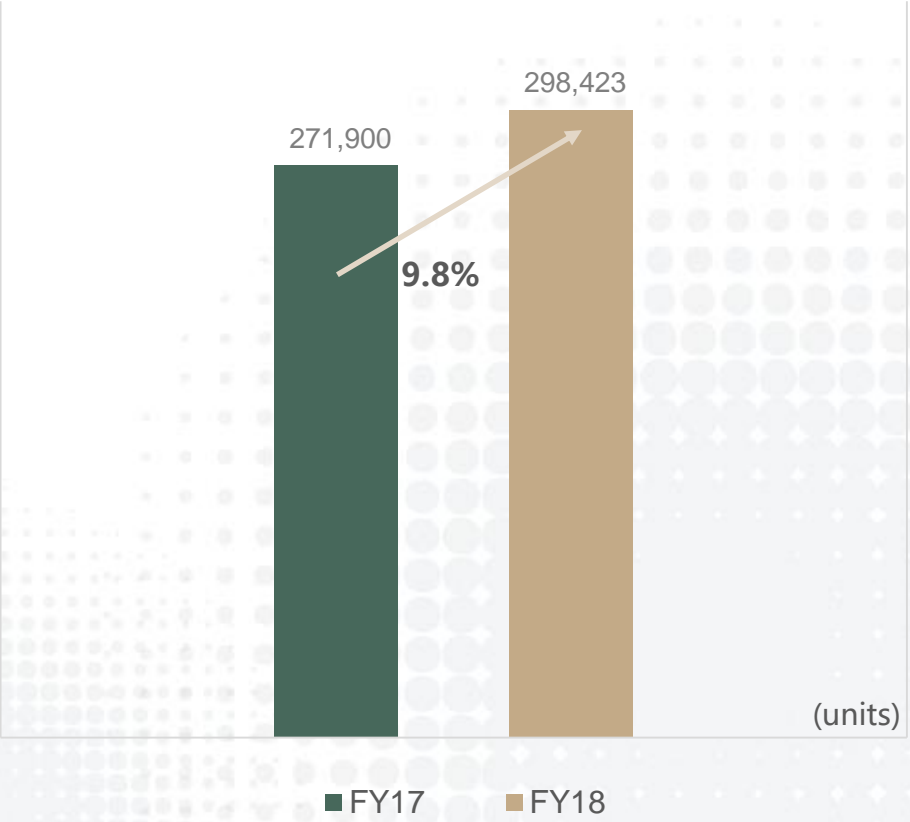


Revenue of after-sales services



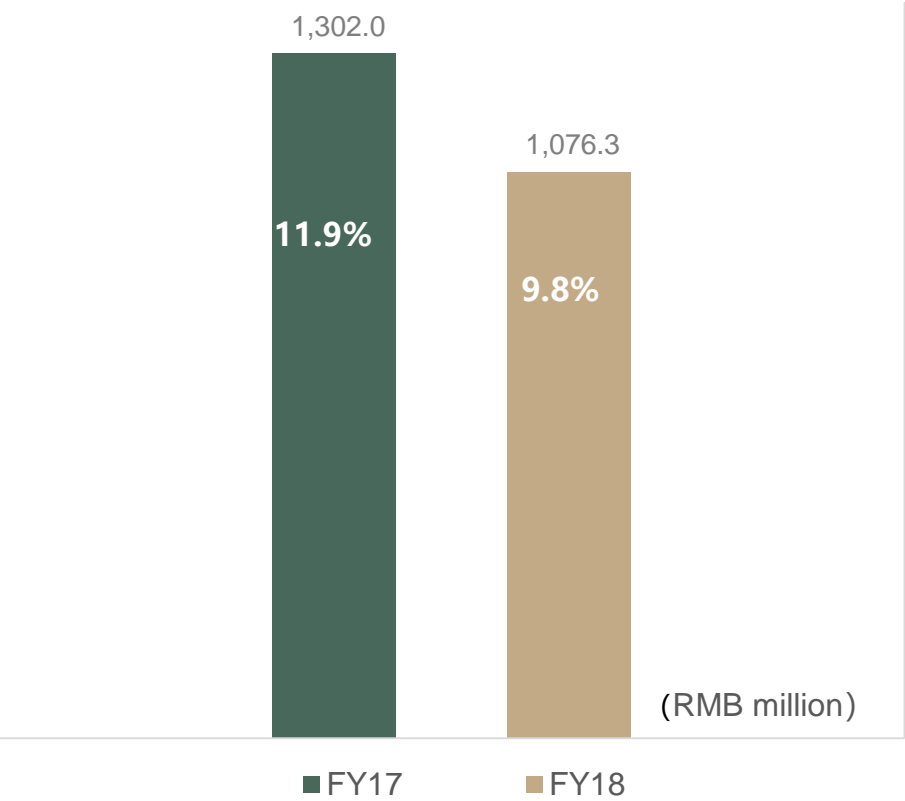
Note: excluded the split business in 2017

Units of after-sales services

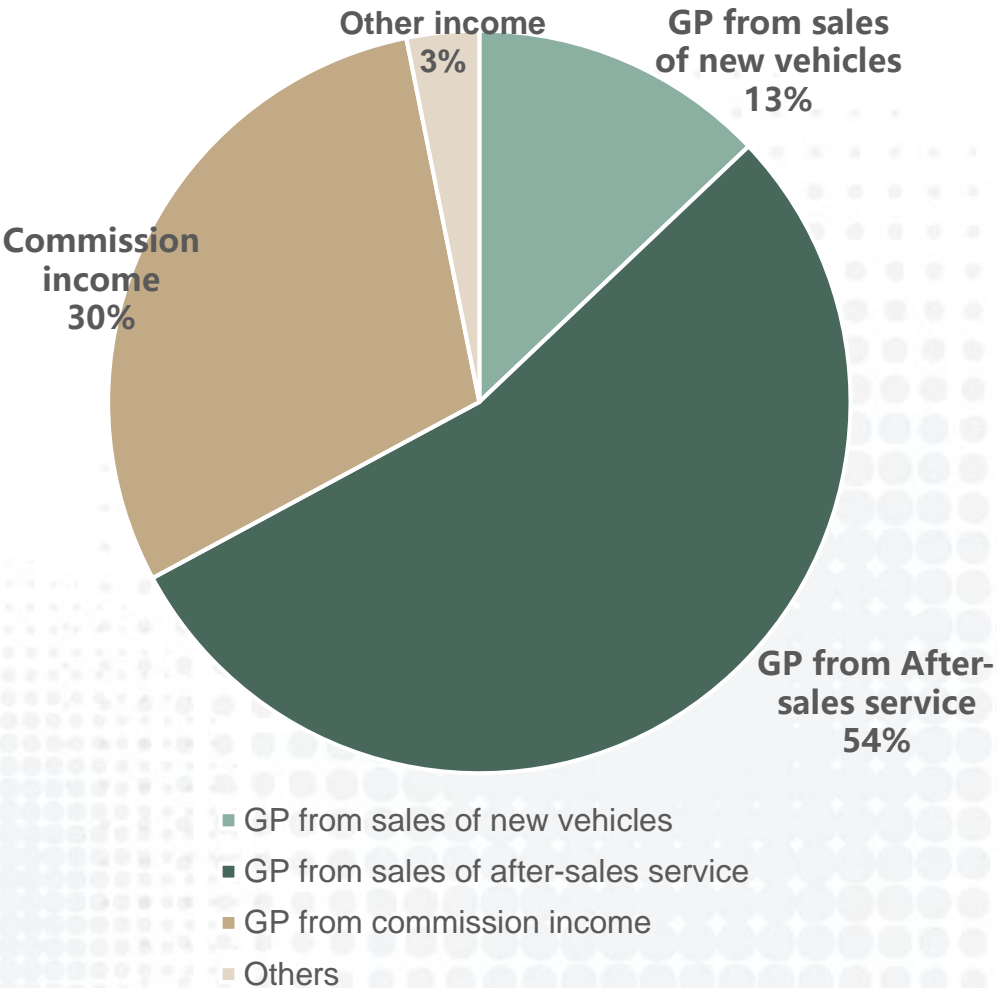


Consolidated Gross Profit Margin

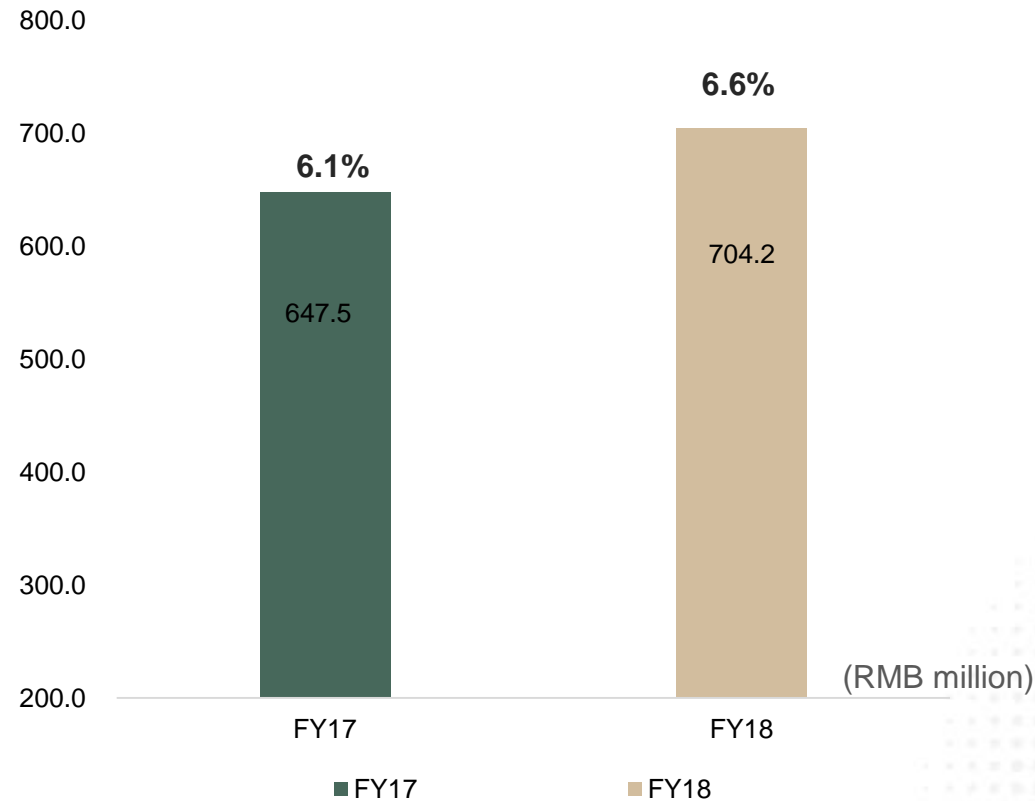
Gross profit



Structure of gross profit

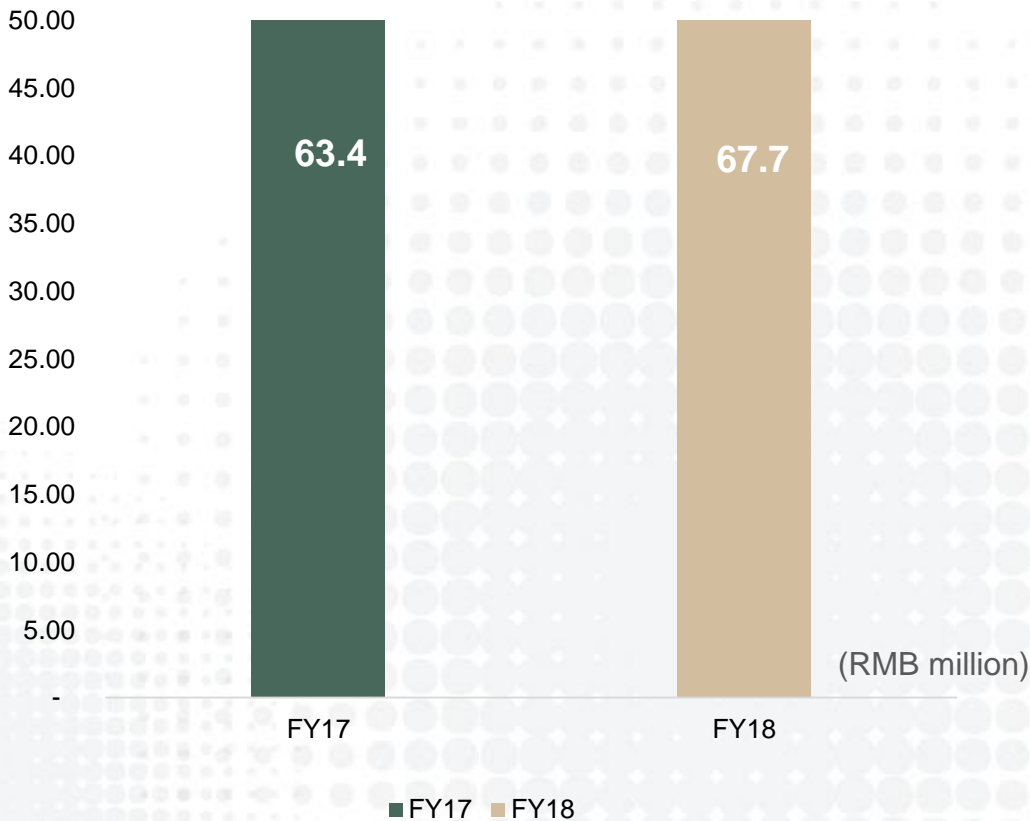


Sales and administrative expense



Note: excluded the split business in 2017, the increase of the expense due to the opening of the new outlets

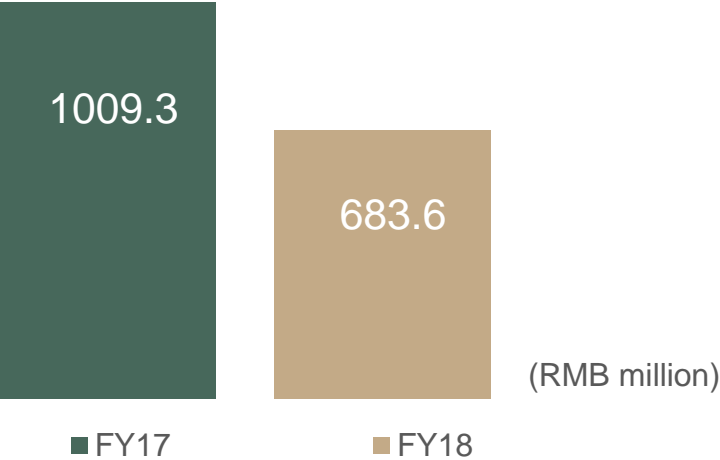
Financial cost



Asset Liabilities and Net profit Analysis

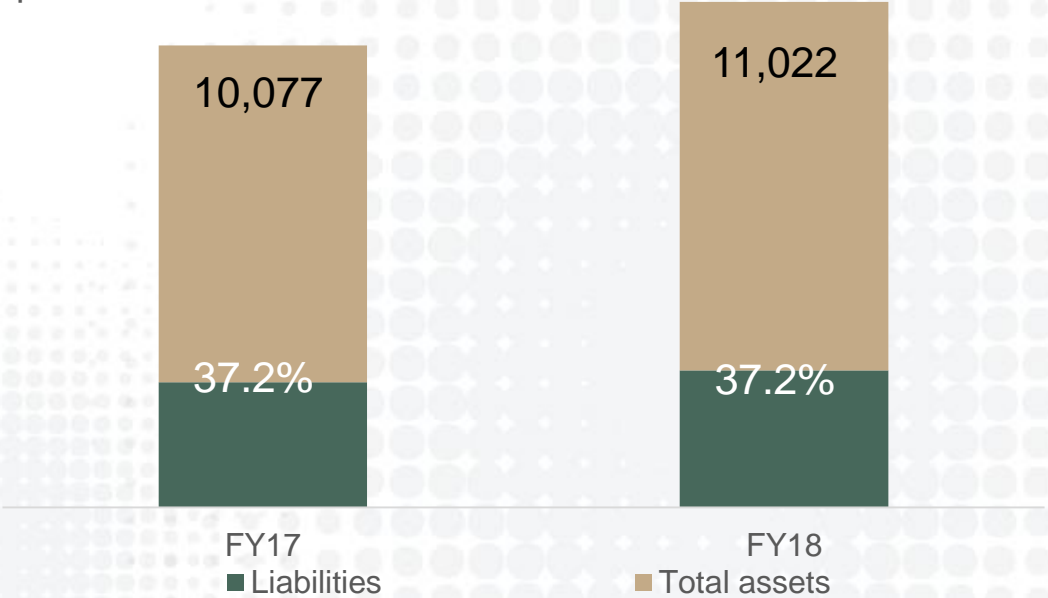


Net profit attribute to the parent company



Asset-Liabilities ratio

- Ended Dec 31 2018 , the Asset-Liabilities ratio (Total asset/Total liabilities) is 37.2%, at the same level in 2017
- Asset-Liabilities ratio of the group is far below the level of the industry
- In the future ,the group will take the advantage of the Syndicated loan, publishing CB to raise leverage up and use the money to expansion and acquisitions



Consolidated Results



RMB (million)	Year Ended Dec 31 2018	Year Ended Dec 31 2017	Increase/(Decrease)
Revenue	10,960	11,148	(1.8%)
Commission income	319	307	4.0%
Gross margin	9.8%	11.9%	(17.4%)
Selling, administration and finance cost	771	997	(22.6%)
Attribute to owners of the parent	683	1,009	(32.3%)
Inventory	1,124	1,271	(11.6%)
Total Assets	11,022	10,077	9.4%
Bank loans and other borrowings	2,138	1,816	17.7%
Net assets	6,921	6,330	9.3%
Asset-liability ratio	37.2%	37.2%	-

PS: revenue include commission income
gross margin include commission income

04 Future Strategy



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THANKS!



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