



HARMONY AUTO
和諧汽車

2019 Interim Results Presentation

中国和谐新能源汽车控股有限公司
China Harmony New Energy Auto Holding Ltd.



Stock Code : 3836.HK

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Industry Overview

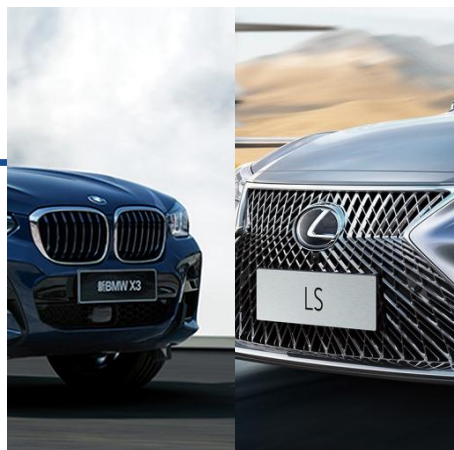


1H2019 market trend

China was still facing tremendous pressure on the decrease in overall production

Luxury vehicles continued to grow with exuberant demand.

Continually growth in NEV production and sales.



Sales performance of brands in China market

BMW outperformed in the luxury brands with sales volume of over 0.35 million units with YoY growth of 16.8%

Lexus recorded sales volume of 93,823 units, representing a yoy growth of 36.5%.



The reasons of steady growth in luxury vehicle in China market

- Consumption upgrade of China market
- Continuous increase in the proportion of luxury brands
- Gradual increase in the proportion of young users and recurring users.



Operating 4 ultra-luxury brands :

Rolls-Royce / Ferrari / Bentley / Maserati

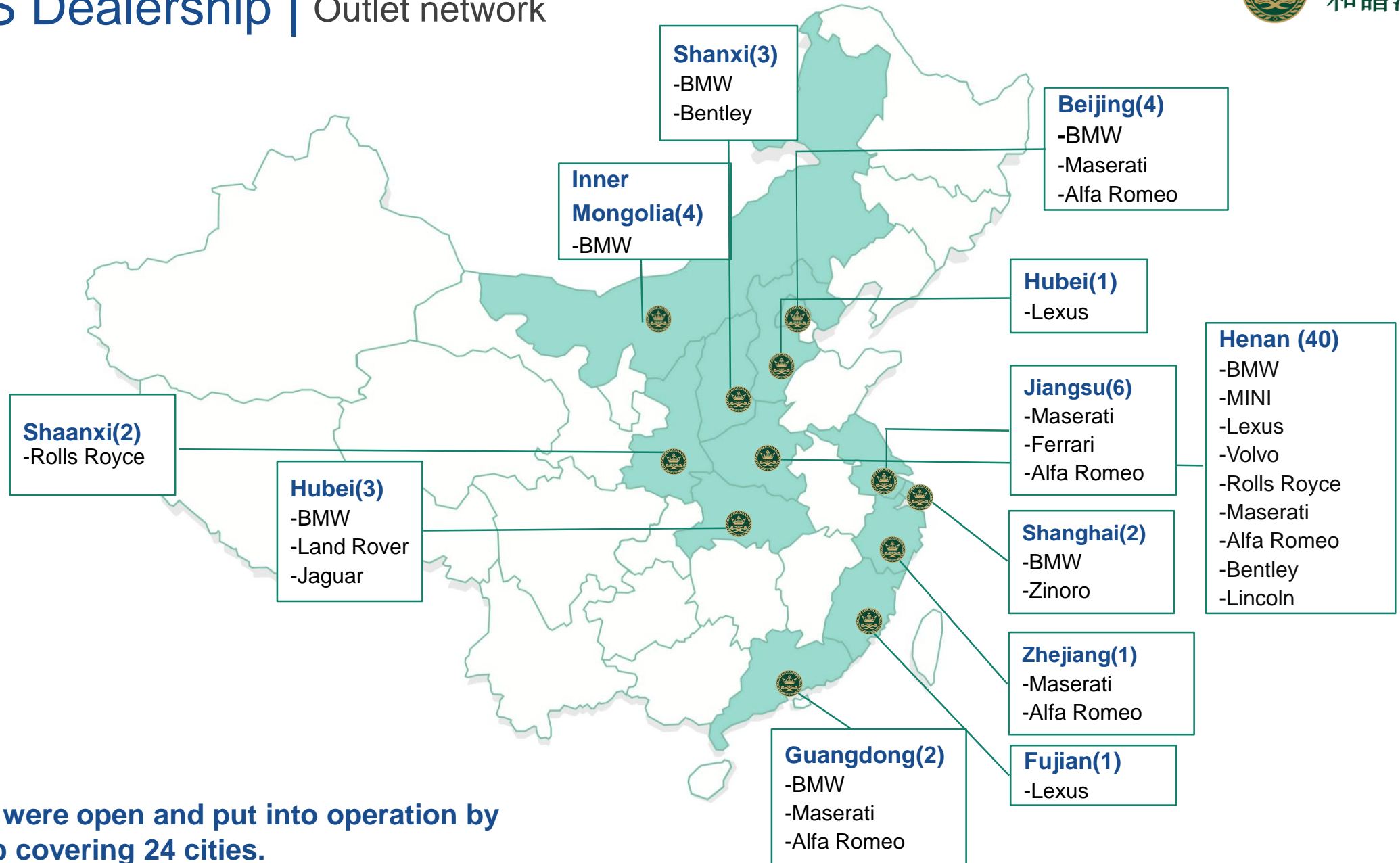


Operating 10 luxury brands :



BMW / MINI / Lexus / Jaguar / Land Rover
Volvo / Zinoro / Alfa Romeo / Lincoln / Audi

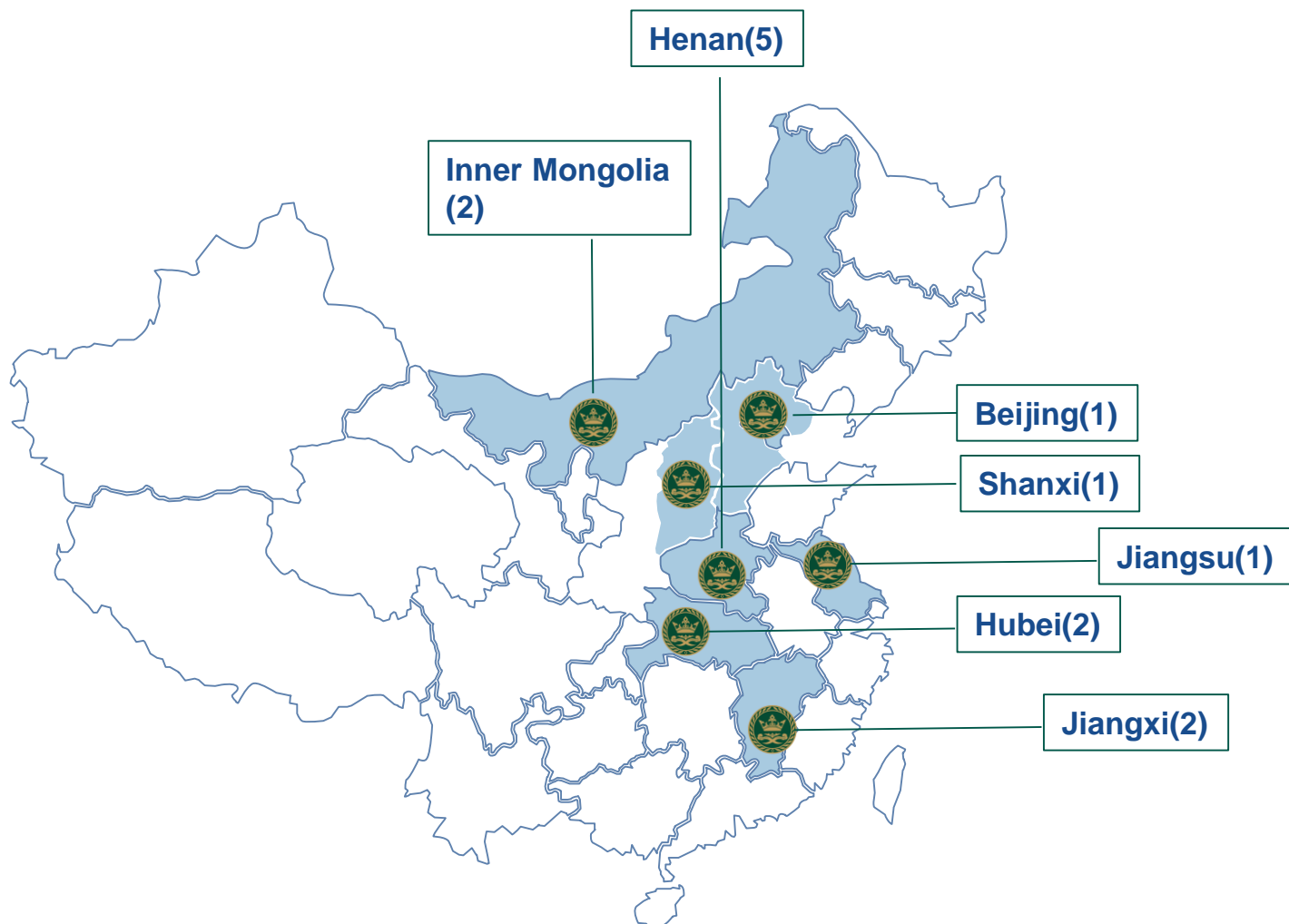
4S Dealership | Outlet network



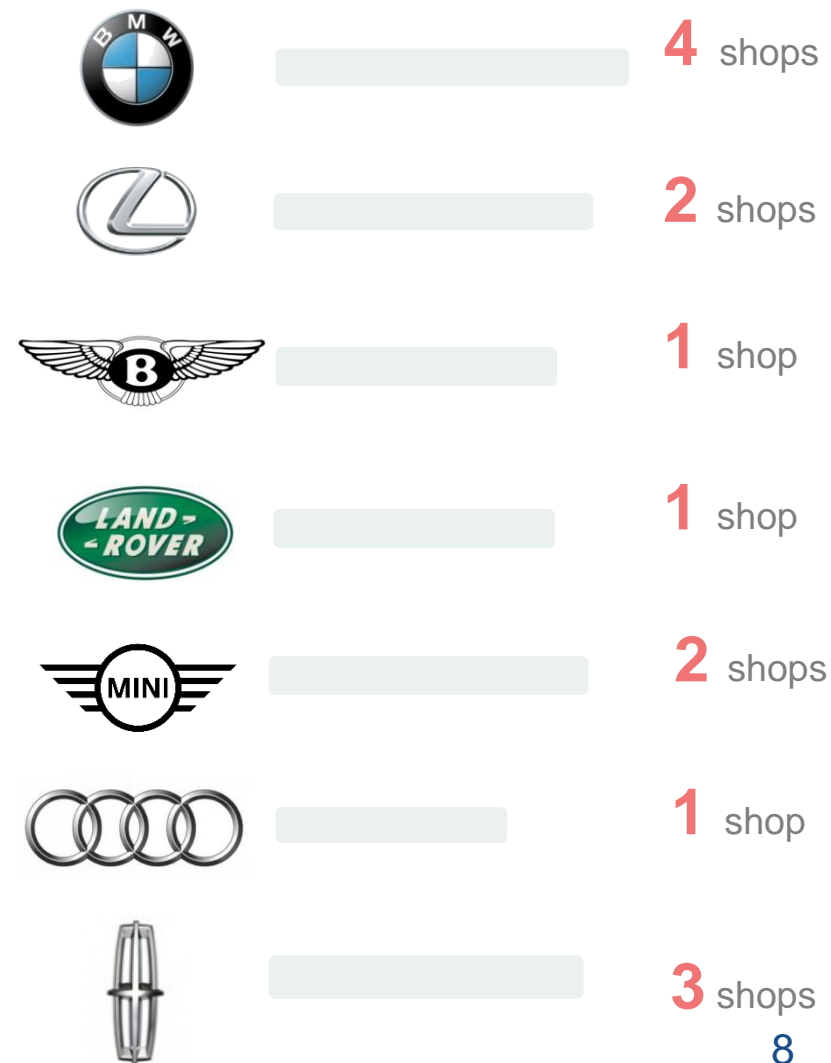
- 69 shops were open and put into operation by the Group covering 24 cities.

4S Dealership | Network Expansion

- Regional distribution of outlets authorized to open



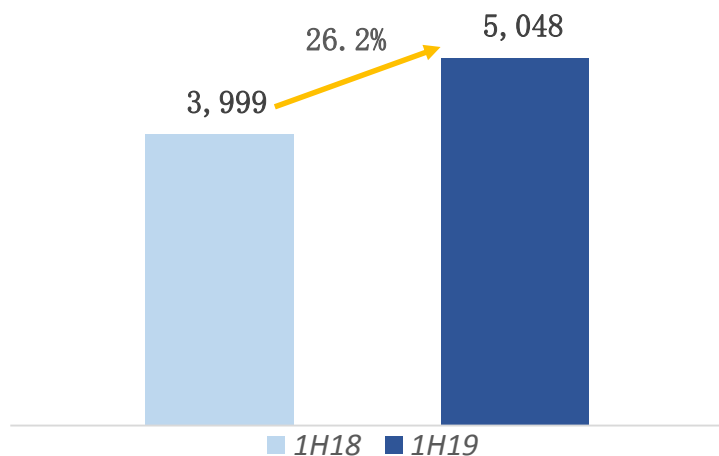
- Outlets authorized to open



4S Dealership | New Vehicles Sales Business

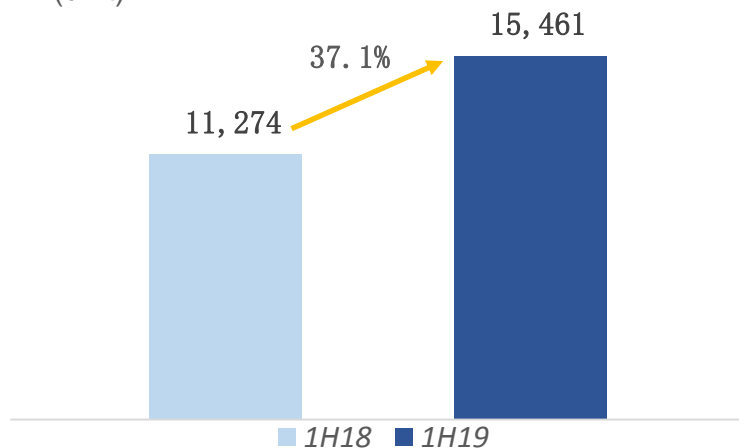
Sales volume of new vehicles

(RMB million)

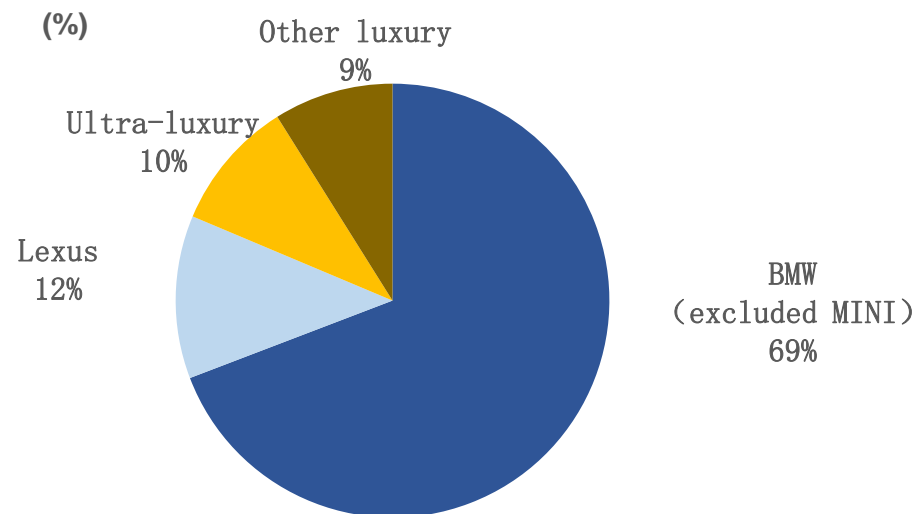


New vehicles sales

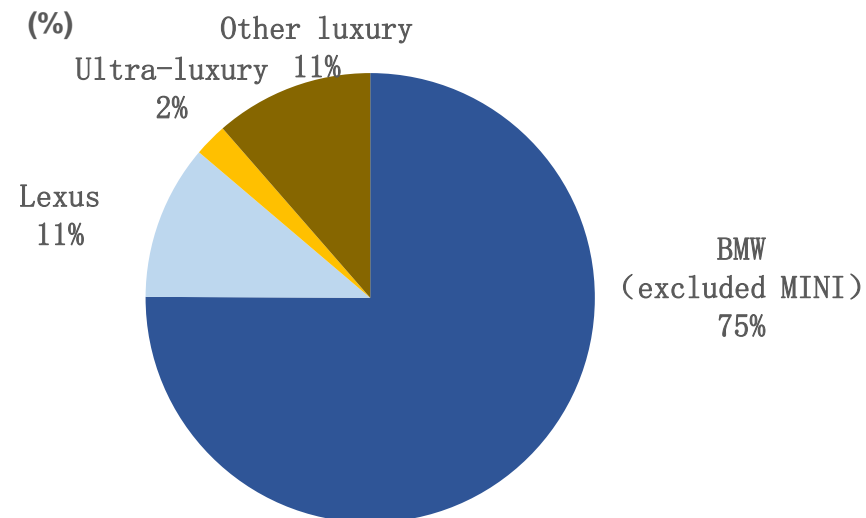
(unit)



Structure of new vehicles sales



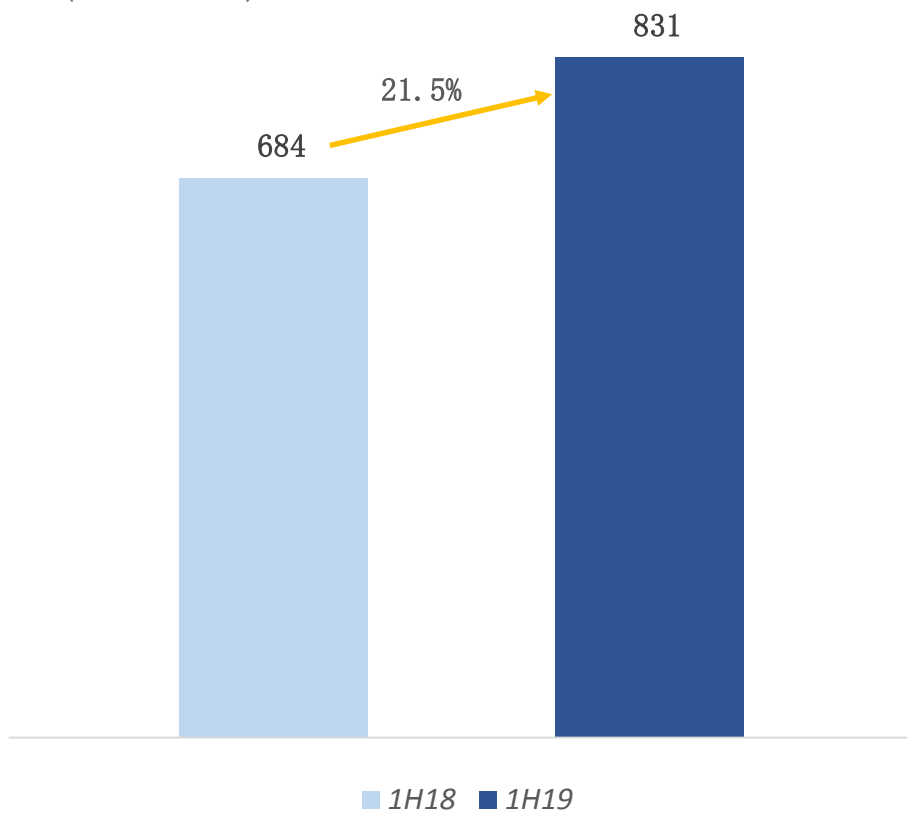
Sales volume structure of new vehicles



4S Dealership | After-sales Business

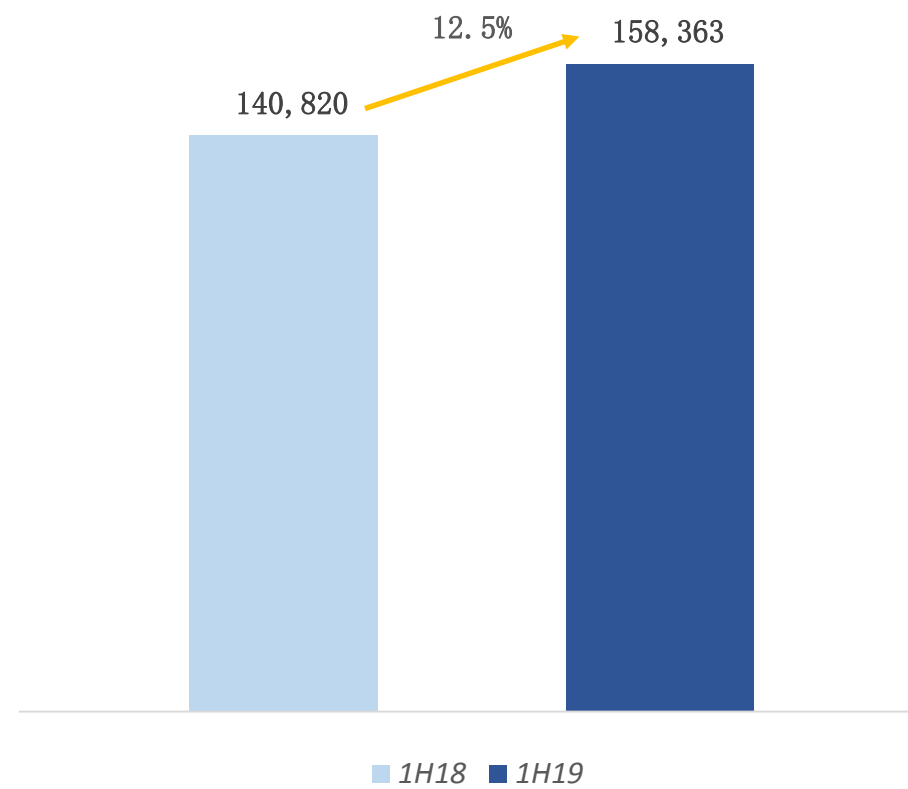
Revenue of after-sales services

(RMB million)



Units of after-sales services

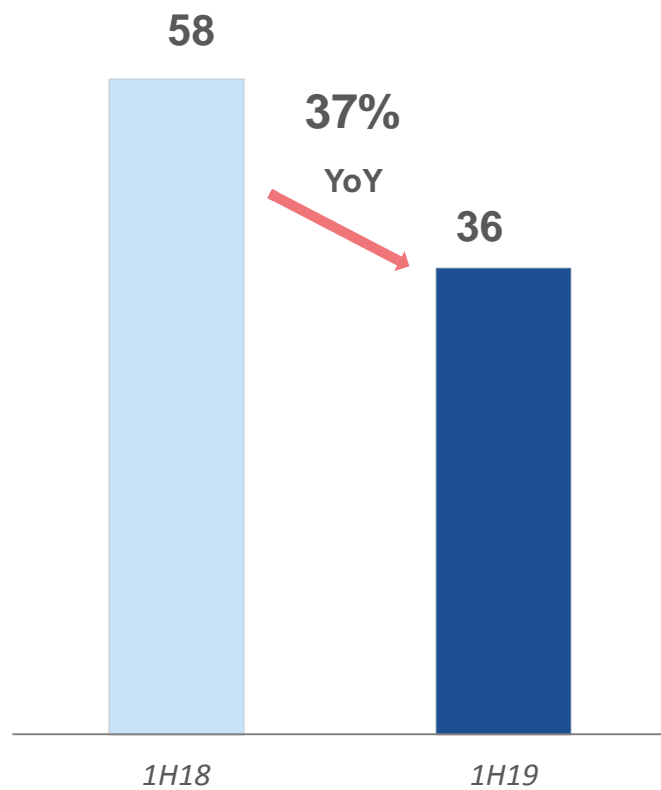
(units)



4S Dealership | Inventory Turnover Rate

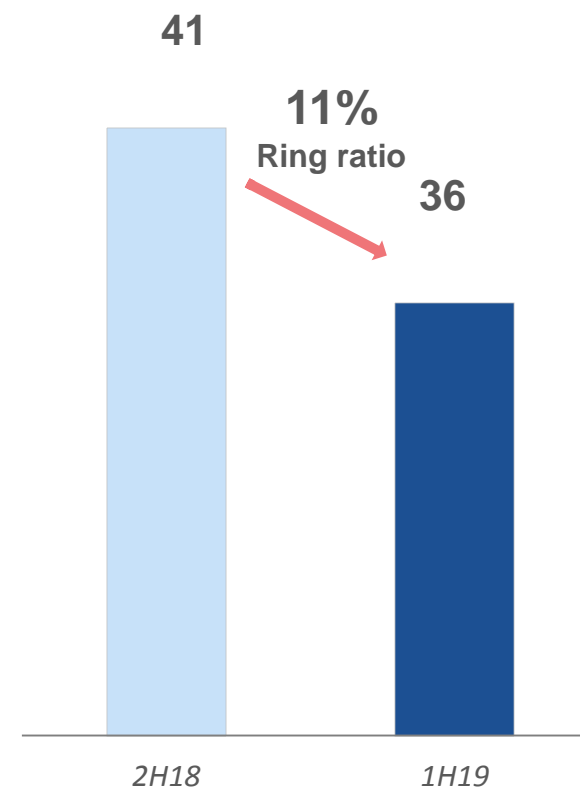
Turnover days

(days)

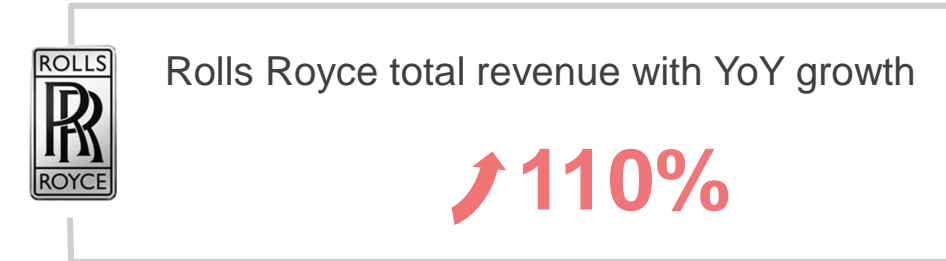
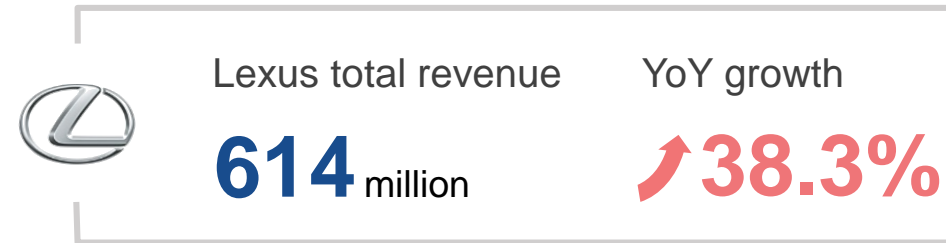
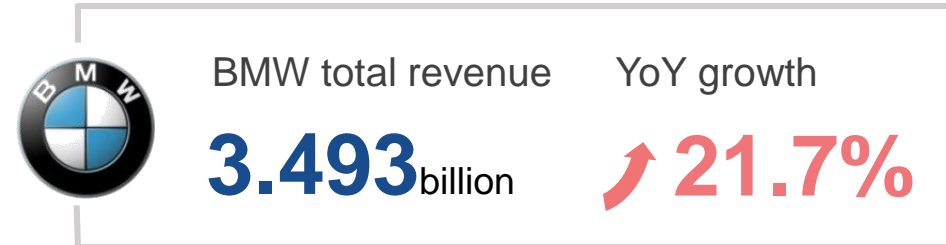


Turnover days

(days)



4S Dealership | Key Brands Performance Highlights



EV Sales and After-sales Service | Business integration



The EV sales and after-sales company is focus on the development of authorized sales and service networks for new energy vehicles brands nationwide. The team started working on the promotion and popularization of NEV brands and products by improving the user experiences across the country. The team is target to build up one of the leading company that covers the full-service chain of NEV.

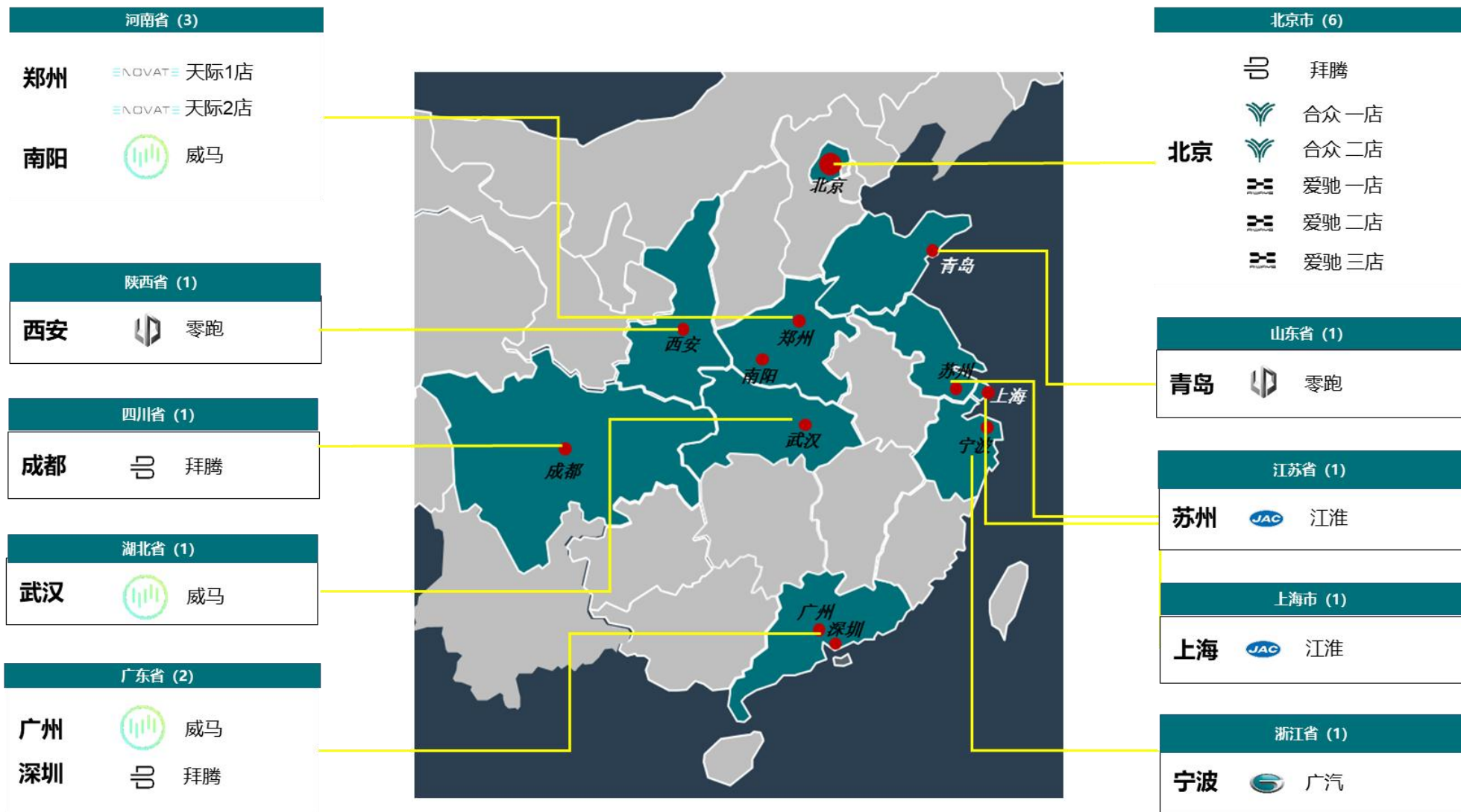
Meanwhile, the team will emphasis on the development trends of automobile industry, explore the new angles of business development including the car-sharing business etc.

EV Sales and After-sales Service | Business model



EV Sales and After-sales Service | NEV Sales Network

品牌授权地图



EV Sales and After-sales Service | After-sales Network



BYTON | Well Prepared for Mass Production





BYTON created customized interactive systems. The first batch of Internet partners, including Baidu, Ximalaya, Meituan Dianping, etc.,

02

Financial Highlights

Comprehensive Revenue

Consolidated Gross Profit

Gross Profit Analysis

Expense Analysis

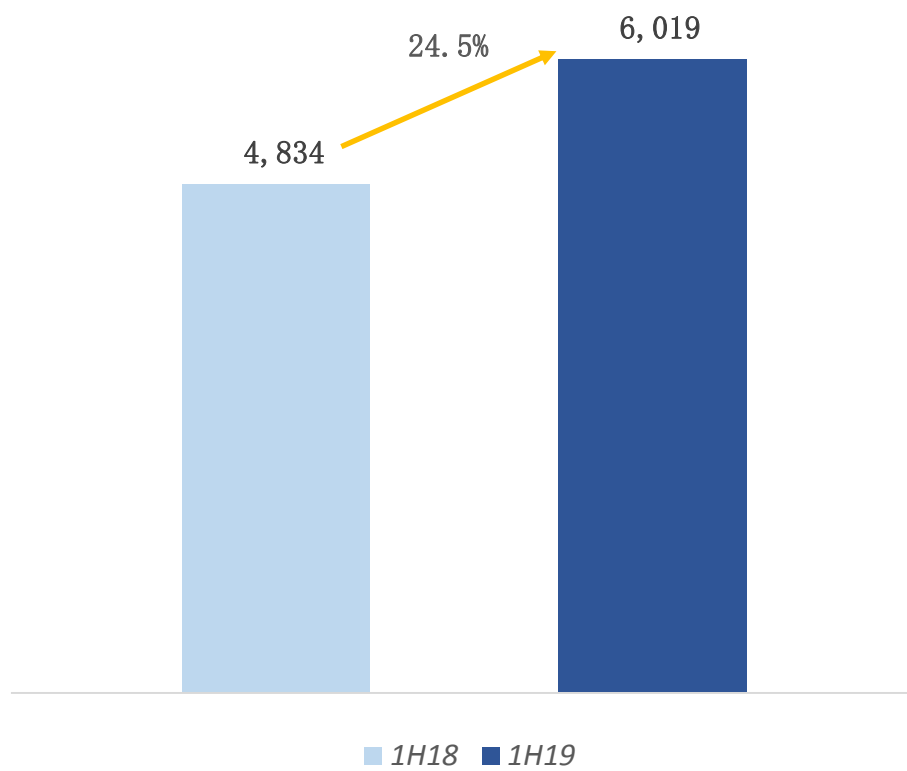
Net Profit and Asset-Liabilities ratio

Consolidated Results

Financial Highlights | Revenue analysis

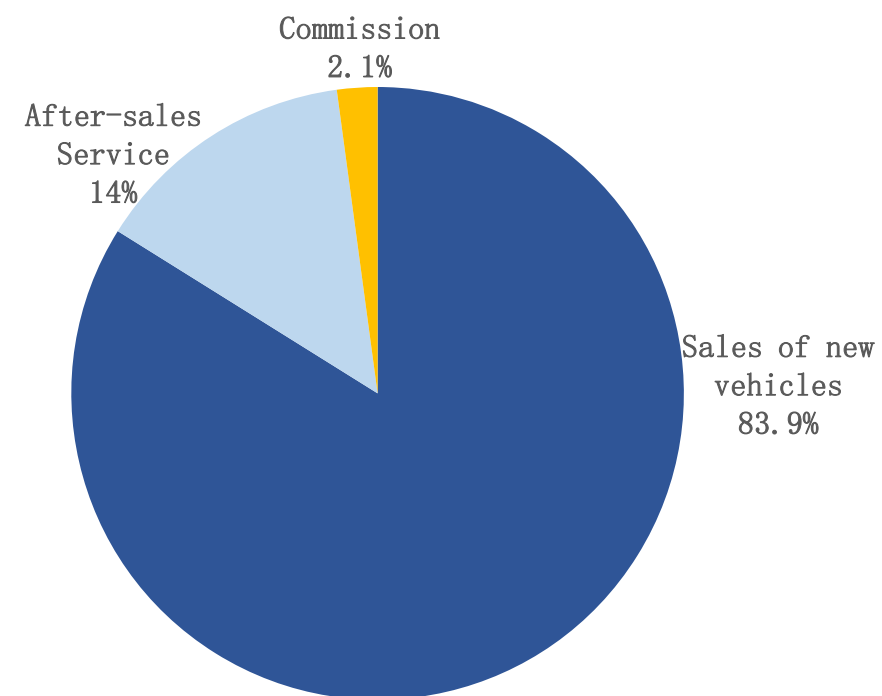
Comprehensive income

(RMB million)



Comprehensive income structure

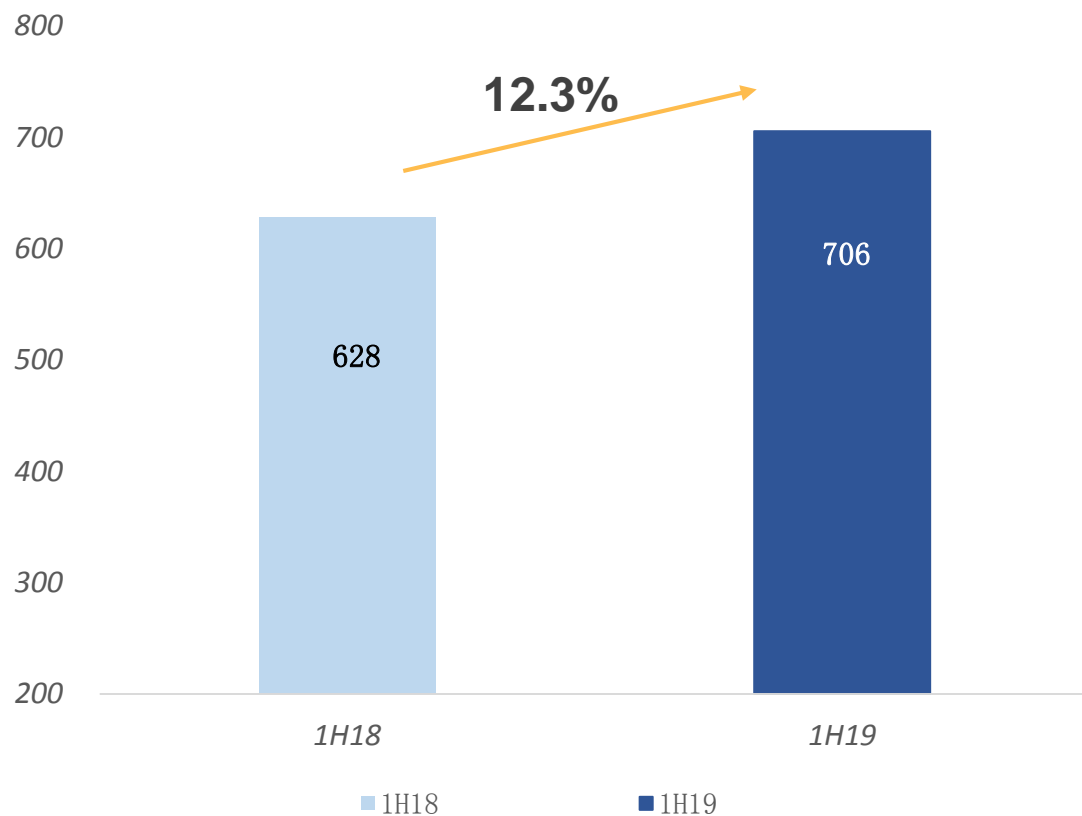
(%)



Financial Highlights | Consolidated Gross Profit

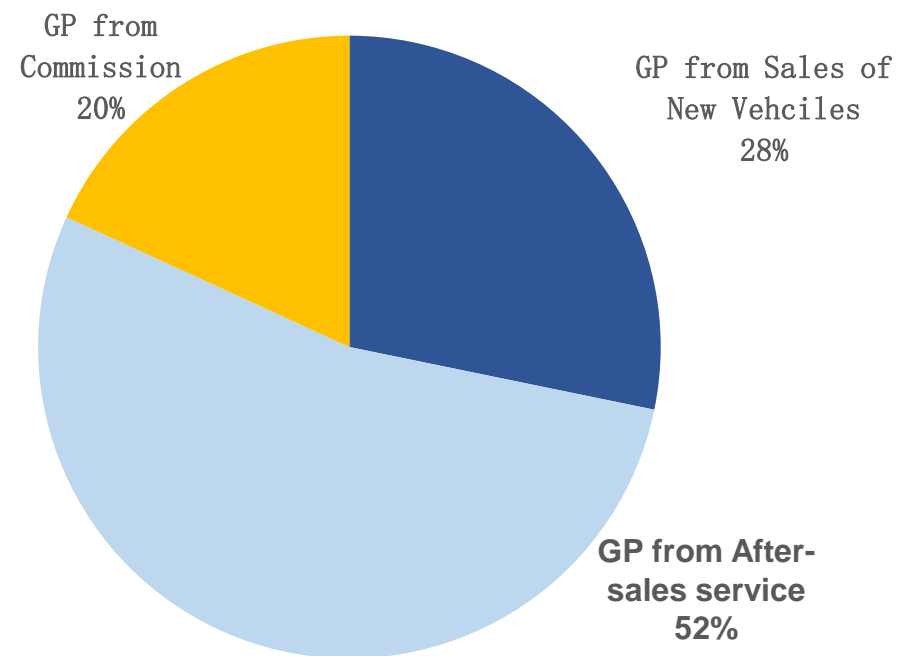
Gross profit

(RMB million)



Structure of gross profit

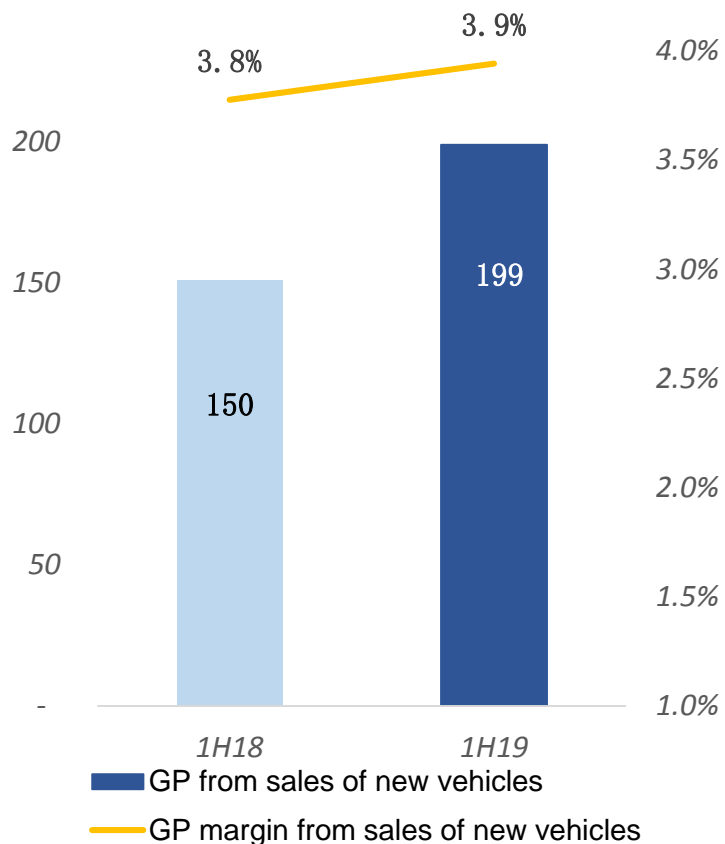
(%)



Financial Highlights | Gross Profit

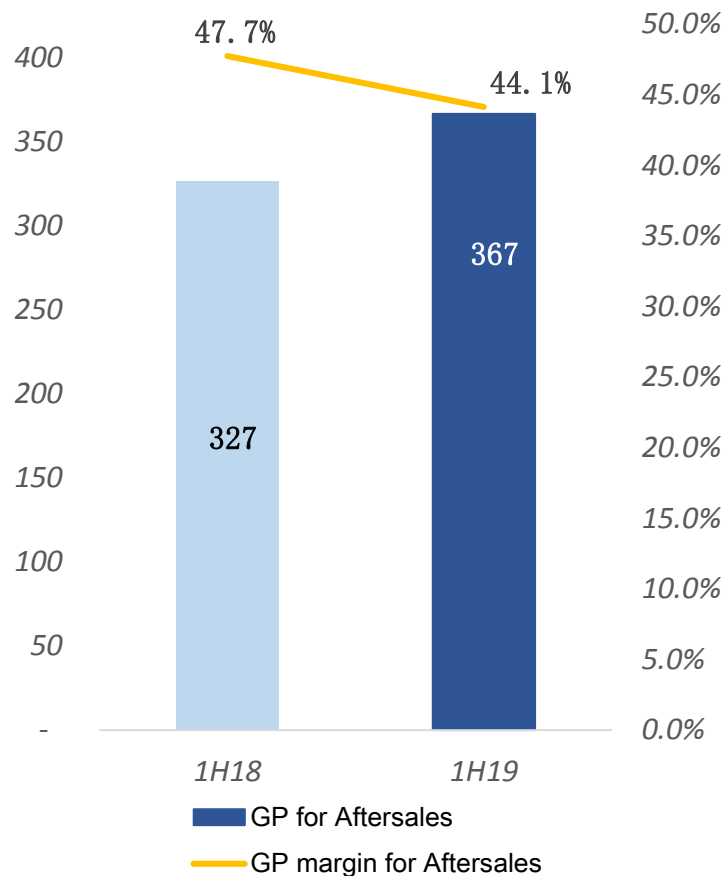
GP (margin) from sales of new vehicles

(RMB million)



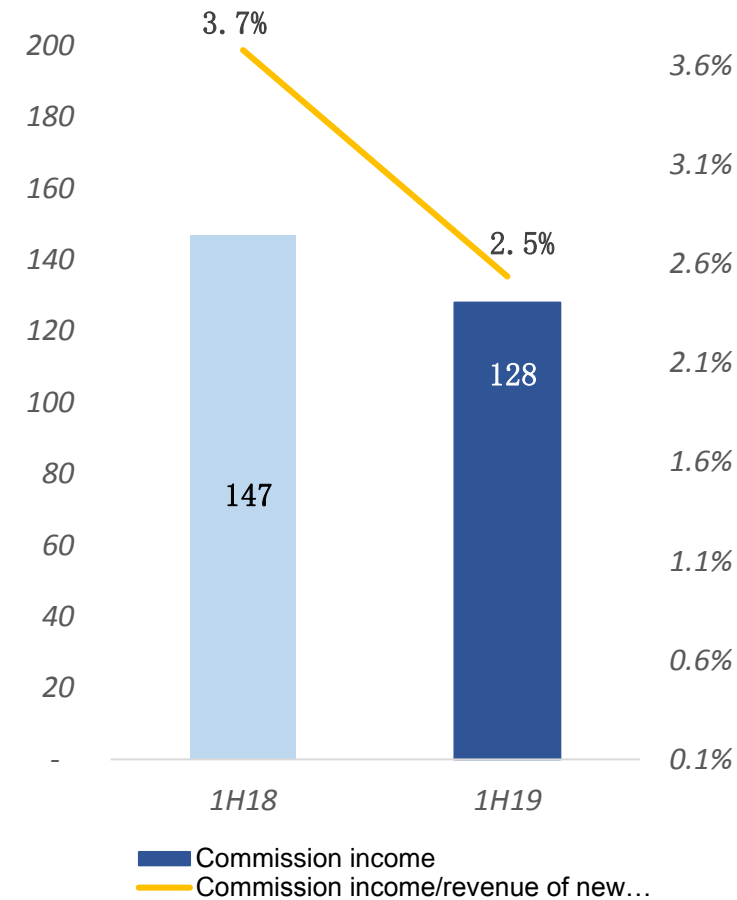
Gross profit(margin)from After-sales service

(RMB million)



Gross profit from commission

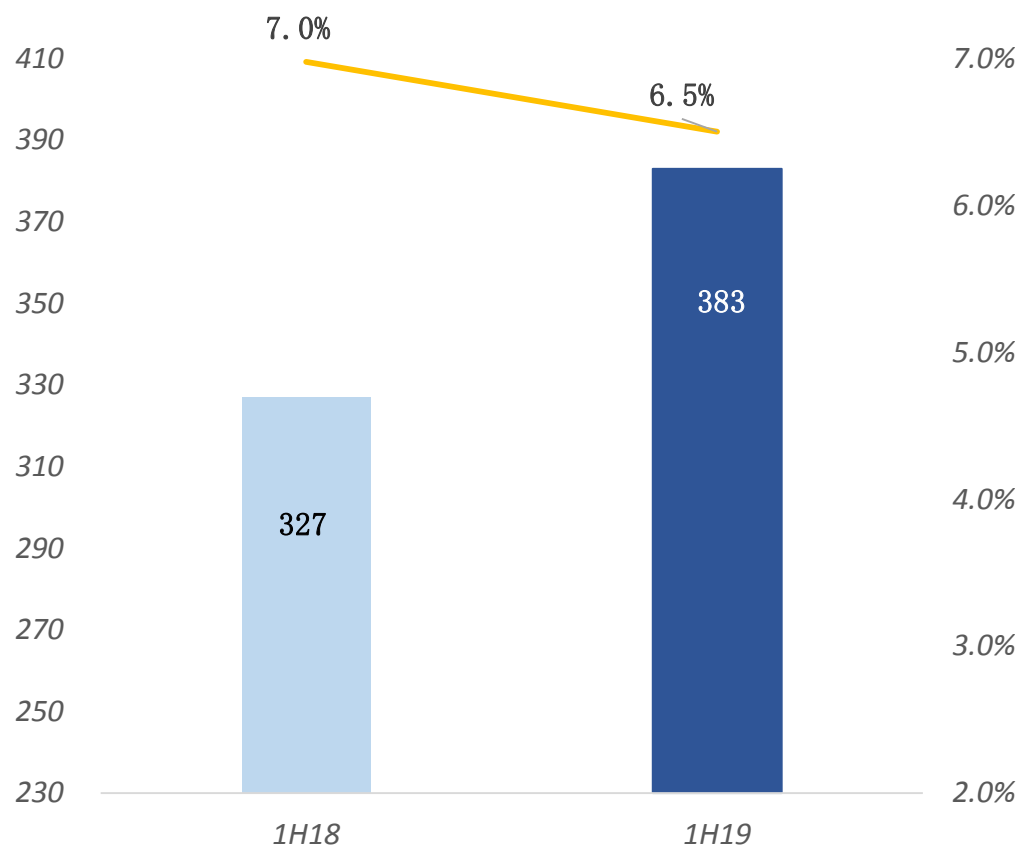
(RMB million)



Financial Highlights | Expense Analysis

Sales and administrative expense

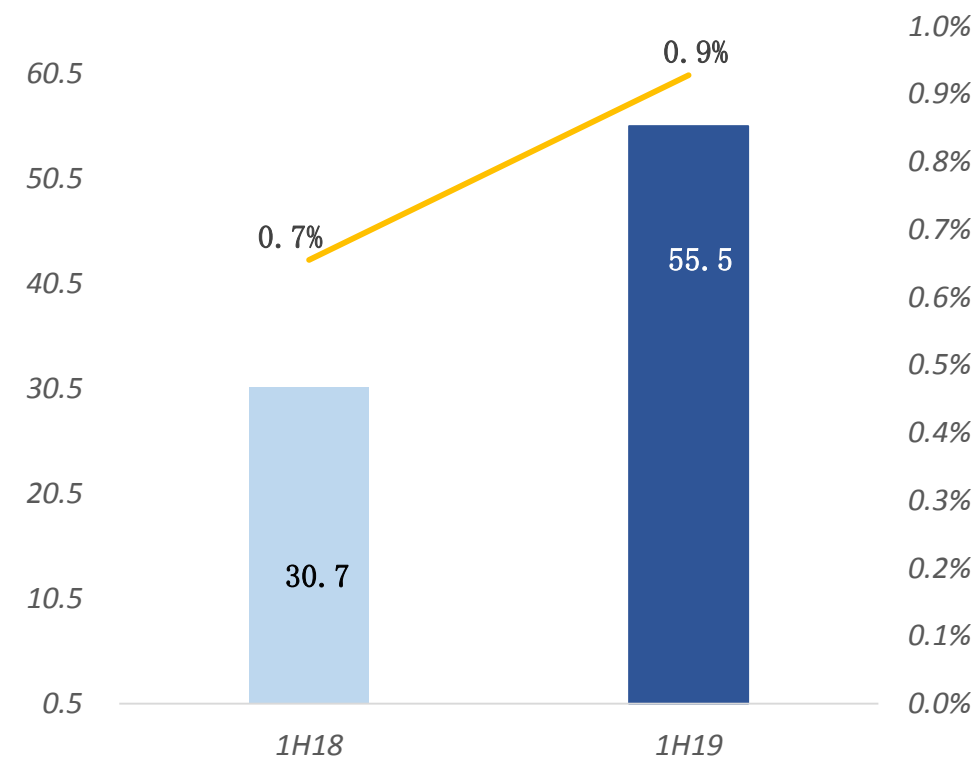
(RMB million)



■ Sales expense — Sales expense ratio

Financial expense

(RMB million)



■ Financial cost — Financial cost ratio

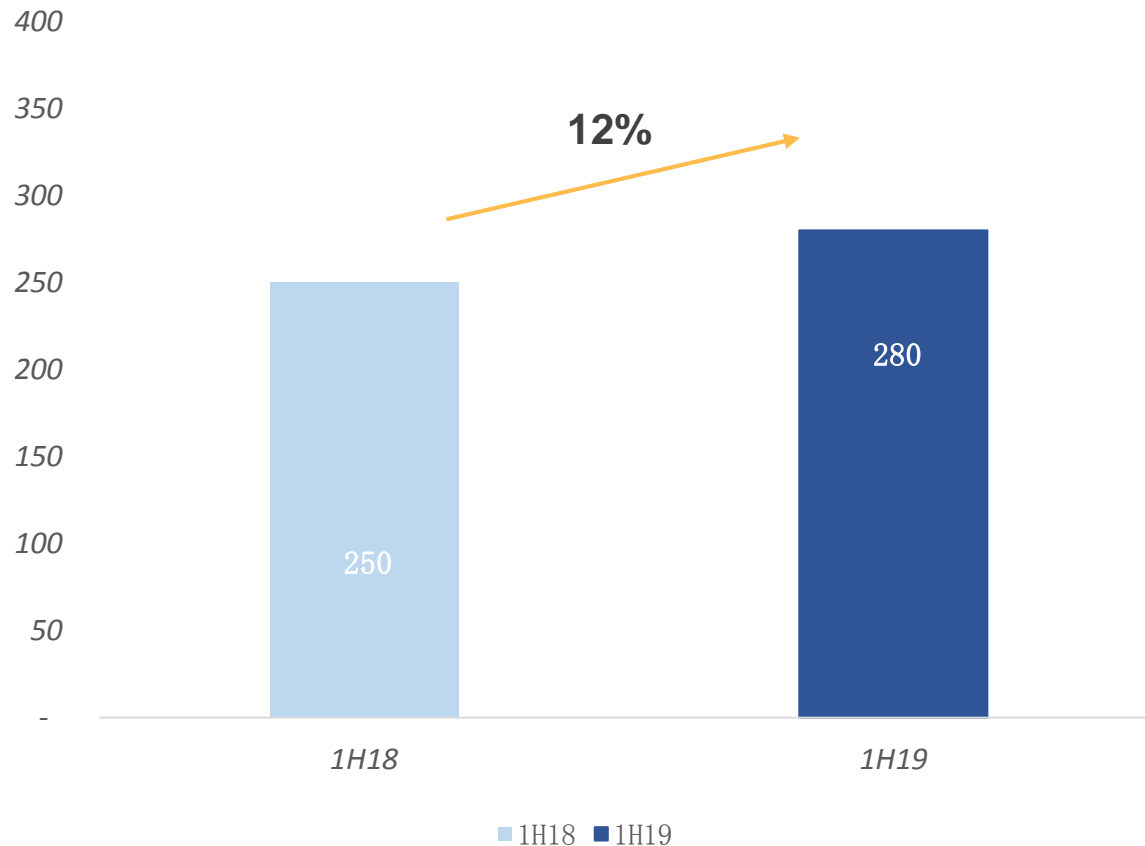
Note: The increase in financial cost is mainly affected by the new lease criteria.

Financial Highlights | Net profit Analysis and Asset Liabilities



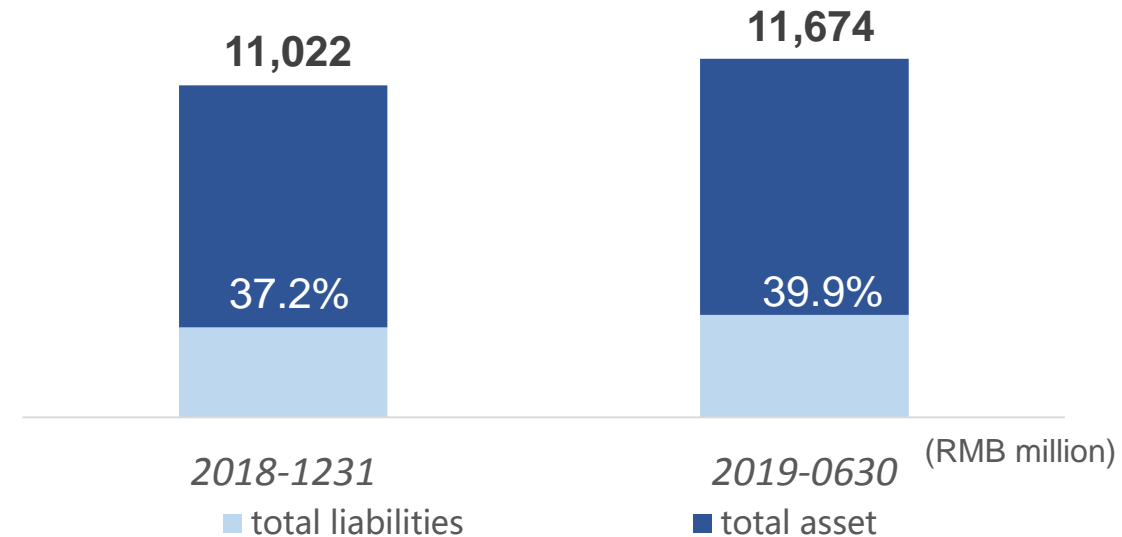
Net profit attribute to the 4S business

(RMB million)



Asset liabilities ratio

- Ended 30 June 2019, the asset-liabilities ratio (Total asset / total liabilities) is 39.9%, is far below the level of the industry peers.
- In the future, the group will take the advantage of the syndicated loan or other financing methods to raise leverage up and use the money to expansion and acquisitions in order to increase the stockholder's equity.



Financial Highlights | Consolidated Results



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RMB million	2019/1/1 to 2019/6/30	2018/1/1 to 2019/6/30	Increase / (decrease)
Consolidated revenue ⁽¹⁾	6,020	4,835	24.51%
Revenue of new vehicles sales	5,049	3,999	26.26%
Revenue of after-sales services	843	688	22.53%
Consolidated gross profit margin (%) ⁽²⁾	12%	13%	(1%)
Sales and administrative expense	384	327	17.43%
Net profit attribute to the 4S business	281	250	12.10%
Inventory	992	1,431	(30.68%)
Total Assets	11,674	10,293	13.42%
Bank loans and other borrowings	1,961	1,598	22.72%
Net assets	7,015	6,672	5.14%

Note :

1) Consolidated revenue includes the commission income.

2) Consolidated gross profit margin ratio includes commission income.

The background is a composite image. The left side shows a close-up of financial documents with bar charts and a gold pen. The right side is a dark blue overlay featuring three stacks of silver coins of increasing height, positioned over a faint background of financial line and bar charts.

03

Future Strategy

Industry forecasts

We are positive on luxury cars market in China in this recent 5 years.

Strategy adjustment

From “one body two wings” to focusing on the “One body” our main core 4S dealership business and encourage the “two wings” to develop independently.

Future Goals

**Concentrate the efforts on 4S dealership business and double the pace of store openings.
Rely on the business relations with OEMs to win more authorized brands.**

Increase the indicators for performance check of all stores, improve the operation efficiency and achieve the rapid growth of profits in each store.

The background of the slide is a photograph of a business meeting. Several people in business attire are gathered around a table, looking at documents. One document clearly shows the word "CONTRACT" in bold capital letters. The entire image is covered with a semi-transparent dark blue overlay. Overlaid on this is the large number "04" in a dark blue font, and to its right, the text "Q&A" in a white font.

04

Q&A



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THANKS

T H A N K S !