Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

HARMONY AUTO
和諧汽車

China Harmony New Energy Auto Holding Limited
中國和諧新能源汽車控股有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03836)

INTERIM RESULTS ANNOUNCEMENT FOR THE SIX MONTHS ENDED JUNE 30, 2015

RESULTS HIGHLIGHTS:

For the six months ended June 30, 2015:

- The Group recorded new vehicle sales volume of 10,679 units, representing an increase of 7.4% as compared with the same period of 2014 and outpaced the overall market growth.
- Revenue of the Group amounted to approximately RMB5,008.1 million, representing an increase of 0.1% over the corresponding period in 2014, of which, revenue from after-sales services increased by 40.1% to RMB791.8 million.
- Gross profit of the Group amounted to approximately RMB547.7 million, which was roughly the same as the corresponding period in 2014, among which, gross profit of after-sales services amounted to approximately RMB365.5 million, accounting for 66.7% of the gross profit of the Group and representing an increase of 21.3 percentage points over the corresponding period in 2014.
- Gross profit margin of the Group was 10.9%, representing a stable level as compared with the corresponding period of 2014, among which, gross profit margin of after-sales services was 46.2%, representing an increase of 2.2 percentage points over the corresponding period of 2014.
- The commission income (mainly from insurance agency and vehicle financing agency services) of the Group was approximately RMB131.4 million, representing an increase of 33.1% as compared with the same period of 2014.
- Earnings before interest, taxes, depreciation, and amortization (EBITDA) was approximately RMB528.5 million, representing an increase of 4.8% as compared with the same period of 2014.
- Net profit of the Group amounted to approximately RMB282.5 million, representing an increase of 2.2% over the corresponding period of 2014.
- Basic and diluted earnings per share were RMB0.22 and RMB0.21, respectively.
- Net cash from operating activities amounted to approximately RMB717.2 million.

INTERIM RESULTS

The board of directors (the "**Board**") of China Harmony New Energy Auto Holding Limited (the "**Company**") is pleased to announce the unaudited consolidated results of the Company and its subsidiaries (the "**Group**") for the six months ended June 30, 2015. The unaudited consolidated results have been reviewed by the audit committee of the Company.

Interim Consolidated Statement of Profit or Loss
For the six months ended June 30, 2015

	Notes	**For the six months ended June 30, 2015 Unaudited *RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Revenue	*4(a)*	**5,008,101**	5,004,368
Cost of sales and services	*5(b)*	**(4,460,364)**	(4,456,684)
Gross profit		**547,737**	547,684
Other income and gains, net	*4(b)*	**248,649**	196,356
Selling and distribution expenses		**(281,417)**	(237,222)
Administrative expenses		**(49,351)**	(50,719)
Profit from operations		**465,618**	456,099
Finance costs	*6*	**(84,662)**	(98,380)
Share of profit of an associate		**386**	2,389
Profit before tax	*5*	**381,342**	360,108
Income tax expense	*7*	**(98,889)**	(83,701)
Profit for the period		**282,453**	276,407
Attributable to:			
Owners of the parent		**279,330**	274,686
Non-controlling interests		**3,123**	1,721
		282,453	276,407
Earnings per share attributable to ordinary equity holders of the parent	*9*		
Basic (RMB)		**0.22**	0.26
Diluted (RMB)		**0.21**	0.26

Interim Consolidated Statement of Comprehensive Income
For the six months ended June 30, 2015

	For the six months ended June 30, 2015 Unaudited *RMB'000*	For the six months ended June 30, 2014 Unaudited *RMB'000*
PROFIT FOR THE PERIOD	**282,453**	276,407
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(6,833)**	1,168
Other comprehensive (loss)/income for the period, net of tax	**(6,833)**	1,168
Total comprehensive income for the period, net of tax	**275,620**	277,575
Attributable to:		
Owners of the parent	**272,497**	275,854
Non-controlling interests	**3,123**	1,721
	275,620	277,575

Interim Consolidated Statement of Financial Position
As at June 30, 2015

	Notes	June 30, 2015 Unaudited RMB'000	December 31, 2014 Audited RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**2,720,576**	2,600,526
Land use rights		**12,497**	12,697
Intangible assets		**6,373**	5,376
Prepayments	*10*	**129,040**	81,374
Investment in an associate		**6,950**	11,439
Deferred tax assets		**37,579**	26,608
Total non-current assets		**2,913,015**	2,738,020
CURRENT ASSETS			
Inventories	*11*	**1,476,195**	1,486,540
Trade receivables	*12*	**81,536**	73,894
Prepayments, deposits and other receivables	*13*	**1,832,573**	1,425,045
Amounts due from a related party	*17*	**–**	294
Structured deposits		**410,000**	869,500
Pledged bank deposits		**350,510**	550,978
Cash in transit		**47,969**	33,226
Cash and cash equivalents		**3,582,229**	1,041,080
Total current assets		**7,781,012**	5,480,557
CURRENT LIABILITIES			
Bank loans and other borrowings	*14*	**2,560,621**	3,028,764
Trade and bills payables	*15*	**878,327**	877,921
Other payables and accruals		**1,032,541**	955,764
Amounts due to a related party	*17*	**860**	–
Income tax payable		**585,178**	491,930
Total current liabilities		**5,057,527**	5,354,379
NET CURRENT ASSETS		**2,723,485**	126,178
TOTAL ASSETS LESS CURRENT LIABILITIES		**5,636,500**	2,864,198

	Notes	**June 30, 2015** **Unaudited** ***RMB'000***	December 31, 2014 Audited *RMB'000*
NON-CURRENT LIABILITIES			
Bank loans and other borrowings	*14*	**92,542**	102,308
Deferred tax liabilities		**18,801**	16,127
Total non-current liabilities		**111,343**	118,435
NET ASSETS		**5,525,157**	2,745,763
EQUITY			
Equity attributable to owners of the parent			
Share capital	*16*	**12,498**	8,633
Reserves		**5,489,326**	2,615,115
Proposed final dividend		**–**	102,405
		5,501,824	2,726,153
Non-controlling interests		**23,333**	19,610
Total equity		**5,525,157**	2,745,763

Notes to the Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

China Harmony New Energy Auto Holding Limited (formerly known as "China Harmony Auto Holding Limited") (the "**Company**") was incorporated on September 24, 2012 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The shares of Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on June 13, 2013.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "**Group**") were principally engaged in the sale and service of motor vehicles in Mainland China.

In the opinion of the directors of the Company (the "**Directors**"), the ultimate holding company of the Company is Eagle Seeker Company Limited, which is incorporated in the British Virgin Islands ("**BVI**").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements for the six months ended June 30, 2015 (the "**Reporting Period**") have been prepared in accordance with Hong Kong Accounting Standard ("**HKAS**") 34 *Interim Financial Reporting* issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**"). The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2014, which have been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**").

The interim condensed consolidated financial statements were presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand except when otherwise indicated. These interim condensed consolidated financial statements were approved for issue on August 31, 2015. These interim condensed consolidated financial statements have not been audited.

2.2 Changes in accounting policies and disclosures

The accounting policies adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual financial statements for the year ended December 31, 2014, except for the adoption of the revised Hong Kong Financial Reporting Standards and interpretations as of January 1, 2015, noted below:

The following new standard and amendment to standards are mandatory for the first time for the financial year beginning July 1, 2014.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]

The adoption of these revised HKFRSs had no significant financial effect on these.

2.3 New and revised HKFRSs and new disclosure requirements under the Hong Kong companies ordinance not yet adopted

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[3]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[1]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[4]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	*Amendments to a number of HKFRSs*[1]

1 Effective for annual periods beginning on or after January 1, 2016
2 Effective for annual periods beginning on or after January 1, 2017
3 Effective for annual periods beginning on or after January 1, 2018
4 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after January 1, 2016 and therefore is not applicable to the Group.

The Group is in the process of making an assessment of the impact of these new and revised HKFRSs upon initial application. So far, the Group considers that these new and revised HKFRSs are unlikely to have a significant impact on the Group's results of operations and financial position.

3. OPERATING SEGMENT INFORMATION

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

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

Information about geographical area

Since all of the Group's revenue were generated from the sale and service of motor vehicles in Mainland China and over 90% of the Group's identifiable assets and liabilities were located in Mainland China, no geographical segment information is presented in accordance with HKFRS 8 *Operating Segments*.

Information about major customers

Since no revenue from sales to a single customer amounted to 10% or more of the Group's revenue during the period, no major customer information is presented in accordance with HKFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND GAINS, NET

(a) Revenue

Revenue, which is also the Group's turnover, represents the net invoiced value of goods sold and the value of services rendered after allowances for returns, trade discounts, where applicable.

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Revenue from the sale of motor vehicles	**4,216,343**	4,439,295
Others	**791,758**	565,073
	5,008,101	5,004,368

(b) Other income and gains, net

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Commission income	**131,353**	98,696
Advertisement support received from motor vehicle manufacturers	**6,836**	4,596
Bank interest income	**41,461**	29,491
Interest income from loans to third parties	**18,125**	29,762
Interest income from entrusted loans	**19,994**	–
Penalty income from cancellation of a potential acquisition contract	**–**	15,835
Others	**30,880**	17,976
Total	**248,649**	196,356

5. PROFIT BEFORE TAX

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

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
(a) Employee benefit expense (including directors' and chief executive's remuneration)		
Wages and salaries	**112,413**	87,272
Equity-settled share award expense	**7,390**	13,856
Equity-settled share option expense	**530**	–
Other welfare	**19,068**	14,589
	139,401	115,717
(b) Cost of sales and services		
Cost of sales of motor vehicles	**4,034,055**	4,140,246
Others	**426,309**	316,438
	4,460,364	4,456,684
(c) Other items		
Depreciation of items of property, plant and equipment	**61,604**	45,365
Amortisation of land use rights	**200**	200
Amortisation of intangible assets	**714**	325
Net(gain)/loss on disposal of items of property, plant and equipment	**(6,634)**	4,338
Advertisement and business promotion expenses	**29,751**	32,606
Bank charges	**5,852**	7,364
Lease expenses	**39,957**	29,218
Logistics and petroleum expenses	**12,062**	10,206
Office expenses	**4,502**	3,877
Foreign exchange differences, net	**(130)**	(189)

6. FINANCE COSTS

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Interest expense on bank borrowings wholly repayable within five years	**82,932**	96,628
Interest expense on other borrowings	**13,729**	12,015
Less: Interest capitalised	**(11,999)**	(10,263)
	84,662	98,380

7. INCOME TAX

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Current Mainland China corporate income tax	**107,186**	84,772
Deferred tax	**(8,297)**	(1,071)
	98,889	83,701

Pursuant to Section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries incorporated in Hong Kong are subject to income tax at the rate of 16.5% on the estimated assessable profits arising in Hong Kong during the period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

According to the Corporate Income Tax Law of the People's Republic of China (the "**CIT Law**"), the income tax rate for Mainland China subsidiaries is 25%.

8. DIVIDENDS

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Dividends on ordinary shares declared during the period		
Final dividends for 2014: HK$10 cents (2013: HK$8 cents)	**102,405**	67,251

The Board of the Company has resolved not to declare any interim dividend for the six months ended June 30, 2015 (six months ended June 30, 2014: Nil).

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 for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares in issue during the period. The number of shares for the period has been arrived at after eliminating the restricted shares of the Company held under the share award scheme.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares 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 under the share award scheme and the share option scheme.

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

	For the six months ended June 30, 2015 Unaudited ***RMB'000***	For the six months ended June 30, 2014 Unaudited *RMB'000*
Earnings		
Profit for the period attributable to ordinary equity holders of parent	**279,330**	274,686

	For the six months ended June 30, 2015 Unaudited	For the six months ended June 30, 2014 Unaudited
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,290,931,463**	1,075,126,000
Effect of dilution-weighted average number of ordinary shares:		
– Restricted shares	**14,769,744**	–
– Share options	**–**	–
	1,305,701,207	1,075,126,000

10. PREPAYMENTS

	June 30, 2015 Unaudited *RMB'000*	December 31, 2014 Audited *RMB'000*
Prepayments for purchase of items of property, plant and equipment	**68,014**	49,611
Prepaid lease for buildings and land use rights	**30,576**	31,763
Prepayments for purchase of equity interests from third parties *(i)*	**30,450**	–
	129,040	81,374

Note:

(i) Pursuant to the sales and purchase agreement, the Group has prepaid RMB30,450,000 to acquire 22.93% equity interests in 浙江綠野汽車有限公司 (Green Field Motor Co., Ltd.*).

11. INVENTORIES

	June 30, 2015 Unaudited *RMB'000*	December 31, 2014 Audited *RMB'000*
Motor vehicles	**1,338,507**	1,355,292
Spare parts and accessories	**137,688**	131,248
	1,476,195	1,486,540

At June 30, 2015, certain of the Group's inventories with an aggregate carrying amount of approximately RMB403,490,000 (December 31, 2014: RMB560,245,000) were pledged as security for the Group's bank loans and other borrowings.

At June 30, 2015, certain of the Group's inventories with an aggregate carrying amount of approximately RMB343,313,000 (December 31, 2014: RMB296,964,000) were pledged as security for the Group's bills payable.

12. TRADE RECEIVABLES

	June 30, 2015 Unaudited *RMB'000*	December 31, 2014 Audited *RMB'000*
Trade receivables	**81,536**	73,894

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 the trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at each reporting date (based on the invoice date) is as follows:

	June 30, 2015	December 31, 2014
	Unaudited	Audited
	RMB'000	*RMB'000*
Within 3 months	**75,425**	66,364
More than 3 months but less than 1 year	**6,111**	7,530
	81,536	73,894

An aged analysis of the trade receivables that are not considered to be impaired is as follows:

	June 30, 2015	December 31, 2014
	Unaudited	Audited
	RMB'000	*RMB'000*
Neither past due nor impaired	**81,536**	73,894

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

13. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	June 30, 2015	December 31, 2014
	Unaudited	Audited
	RMB'000	*RMB'000*
Prepayments to suppliers	**518,250**	659,294
Rebate receivables	**407,980**	390,129
Loans to third parties *(i)*	**565,200**	145,000
VAT recoverable *(ii)*	**152,567**	162,517
Prepaid interest expense	**17,593**	–
Deposits for purchasing equity interests	**10,000**	–
Interest receivables	**9,556**	9,477
Staff advances	**7,421**	5,876
Others	**144,006**	52,752
	1,832,573	1,425,045

Notes:

(i) The loans granted to third parties (with amounts of RMB163,150,000 as of June 30, 2015 (December 31, 2014: RMB145,000,000)) are guaranteed by the Controlling Shareholder and 河南和諧實業集團有限公司 (Henan Hexie Industrial Group Co., Ltd.*) ("**Hexie Industrial Group**"), which is controlled by the Controlling Shareholder. These loans granted to third parties earn interest at fixed interest rates of 25% and have a maturity period within one year.

During the period, the Group granted entrusted loans to third parties with amounts of RMB402,050,000 (December 31, 2014: Nil), which bear interest at rates ranging from 20% to 21% per annum with maturity period of one year.

(ii) The Group's sales of motor vehicles are subject to Mainland China Value Added Tax ("**VAT**"). Input VAT on purchases can be deducted from output VAT payable. The VAT recoverable is deductible input VAT, which has not been claimed to the tax bureau. The applicable tax rate for domestic sales of the Group is 17%.

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

14. BANK LOANS AND OTHER BORROWINGS

	June 30, 2015 Unaudited		December 31, 2014 Audited	
	Effective interest rate *(%)*	**Amount** ***RMB'000***	Effective interest rate *(%)*	Amount *RMB'000*
Current				
Bank loans	**5.1-8.7**	**1,943,641**	6.0-8.7	2,471,014
Other borrowings	**8.0-8.7**	**616,980**	8.0-8.7	557,750
		2,560,621		3,028,764
Non-current				
Bank loans	**7.5-8.7**	**92,542**	7.5-8.7	102,308
		2,653,163		3,131,072

	June 30, 2015 Unaudited *RMB'000*	December 31, 2014 Audited *RMB'000*
Bank loans and other borrowings representing:		
– secured	**1,089,071**	1,111,030
– guaranteed	**692,880**	936,720
– secured and guaranteed	**217,183**	254,272
– unsecured	**654,029**	829,050
	2,653,163	3,131,072
Analysed into:		
Bank loans repayable:		
Within one year or on demand	**1,910,503**	2,471,014
In the second year	**33,138**	33,138
In the third to fifth years, inclusive	**92,542**	69,170
	2,036,183	2,573,322
Other borrowings repayable:		
Within one year or on demand	**616,980**	557,750
	2,653,163	3,131,072

15. TRADE AND BILLS PAYABLES

	June 30, 2015 Unaudited *RMB'000*	December 31, 2014 Audited *RMB'000*
Trade payables	**157,351**	130,325
Bills payable	**720,976**	747,596
Trade and bills payables	**878,327**	877,921

An aged analysis of the trade and bills payables as at each reporting date, based on the invoice date, is as follows:

	June 30, 2015 Unaudited *RMB'000*	December 31, 2014 Audited *RMB'000*
Within 3 months	**770,991**	807,222
3 to 6 months	**86,711**	58,071
6 to 12 months	**15,249**	11,831
Over 12 months	**5,376**	797
Total	**878,327**	877,921

The trade and bill payables are non-interest-bearing.

16. SHARE CAPITAL

Authorised:

	As at June 30, 2015 and December 31, 2014 No. of shares at HK$0.01 each
Ordinary shares	2,000,000,000

Issued and fully paid:

	As at June 30, 2015		As at December 31, 2014	
	No. of shares at *HK$0.01 each*	**Equivalent to *RMB'000***	No. of shares at *HK$0.01 each*	Equivalent to *RMB'000*
Ordinary shares	**1,556,589,779**	**12,347**	1,075,126,000	8,482
Restricted shares *(note (a))*	**19,110,898**	**151**	19,110,898	151
	1,575,700,677	**12,498**	1,094,236,898	8,633

	Number of issued and fully paid shares	**Nominal value of shares *HK$'000***	**Share premium *HK$'000***	**Equivalent nominal value of shares *RMB'000***	**Equivalent share premium *RMB'000***
As at January 1, 2015	**1,094,236,898**	**10,942**	**1,513,603**	**8,633**	**1,194,164**
Issue of new shares *(note (b))*	**481,463,779**	**4,815**	**3,300,189**	**3,865**	**2,647,174**
Share issue expenses	**–**	**–**	**(63,310)**	**–**	**(53,380)**
As at June 30, 2015	**1,575,700,677**	**15,757**	**4,750,482**	**12,498**	**3,787,958**

Notes:

(a) Pursuant to the resolution of the Board of the Company on May 28, 2013, 19,110,898 restricted shares of HK$0.01 each were allotted and issued and to be converted as fully paid at par on June 13, 2013, by way of capitalisation of the sum of HK$191,000 (equivalent to approximately RMB151,000) standing to the credit of the share premium account. These restricted shares were issued for the purpose of the Company's Restricted Share Unit Scheme and managed by a professional trustee.

(b) During the period, the issuances of new shares were as follows:

(i) On January 21, 2015, the Company issued 90,113,000 new ordinary shares of HK$0.01 each at a price of HK$6.08 per share with gross proceeds of approximately HK$547,887,000 (equivalent to approximately RMB439,294,000).

(ii) On March 2, 2015, the Company issued 128,734,000 new ordinary shares of HK$0.01 each at a price of HK$4.73 per share with gross proceeds of approximately HK$608,911,000 (equivalent to approximately RMB492,149,000).

(iii) On June 3, 2015, the Company issued 262,616,779 new ordinary shares of HK$0.01 each at a price of HK$8.18 per share with gross proceeds of approximately HK$2,148,205,000 (equivalent to approximately RMB1,719,596,000).

17. AMOUNTS DUE FROM/TO A RELATED PARTY

Due from a related party:

	30 June 2015 Unaudited ***RMB'000***	31 December 2014 Audited *RMB'000*
Non-trade related:		
An associate		
– 鄭州永達和諧汽車銷售服務有限公司 (Zhengzhou Yongda Hexie Automobiles Sales & Service Co., Ltd.*)	**–**	294

Due to a related party:

	30 June 2015 Unaudited ***RMB'000***	31 December 2014 Audited *RMB'000*
Non-trade related:		
– Hexie Industrial Group	**860**	–

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY OVERVIEW

In the first half of 2015, vehicles sales in China slowed down due to the decelerating growth of China's economy, stock market fluctuations and other factors. According to China Association of Automobile Manufacturers, in the first half of 2015, sales volume of passenger vehicles reached 10.10 million in China, representing a year-on-year growth of 4.8%.

Despite the general slowdown in sales of new vehicles in the PRC, the sector of new energy vehicles recorded explosive growth due to various positive factors, including favorable national policies, rising environmental awareness of consumers and increasingly mature development of new energy vehicles. According to China Association of Automobile Manufacturers, in the first half of 2015, sales of new energy vehicles in China reached 72,711 units, increasing by 2.4 times as compared with the same period last year, among which, sales volume of pure electric vehicles reached 46,219 units, increasing by 2.9 times as compared with the corresponding period of last year.

In addition, figures from the National Bureau of Statistics of the PRC showed that vehicle ownership for civilian use totalled 154.47 million units by the end of 2014. The enormous level of vehicle ownership laid the foundation for the rapid development of the after-sales services market, among which independent comprehensive after-sales services achieved particularly fast growth due to its distinctive advantages comparing with traditional dealership outlets and individual repair stores.

BUSINESS OVERVIEW

In the first half of 2015, the Group utilized the opportunities offered by the transformation of China's vehicle industry and achieved fruitful results in each area of new automobile sales, after-sales services and new energy vehicles.

Proactive Transformation of Network Layout

Maintaining Stable Number of Dealership Outlets

As of the date of this announcement, the Group owned a total of 46 dealership outlets, covering 20 cities across the country. The Group distributed 11 luxury and ultra-luxury brands, of which, 7 were luxury brands such as BMW, MINI, Lexus, Jaguar, Land Rover, Volvo and Zinoro, and 4 were ultra-luxury brands such as Rolls-Royce, Aston Martin, Ferrari and Maserati.

Accelerated Growth of Comprehensive After-sales Services Outlets

As of the date of this announcement, the Group owned a total of 56 independent comprehensive after-sales services outlets covering 43 cities across the country. Operating under the brand "Harmony Auto Maintenance (和諧汽修)", the Group's comprehensive after-sales services outlets offer after-sales services for mainstream luxury and ultra-luxury automobile models, which are not only limited to those 11 brands under the Group's dealership, and the Group is also one of the major after-sales service partners of Tesla in China.

Stable Growth of Sales of New Vehicles

For the six months ended June 30, 2015, the Group recorded new vehicle sales volume of 10,679 units, increased by 739 units or 7.4% as compared with 9,940 units for the six months ended June 30, 2014 and outpaced overall market growth.

A breakdown of the new vehicle sales volume of the Group for the six months ended June 30, 2015 is as follows:

- Sales volume of BMW brand reached 9,202 units (inclusive of MINI Brand), up 5.6% as compared with the same period of last year; sales volume of other brands were 1,477 units, representing a year-on-year growth of 20.2%.

- Sales volume of luxury vehicles were 10,160 units, up 6.4% as compared with the same period of last year while sales volume of ultra-luxury vehicles were 519 units, representing a growth of 33.4% as compared with same period last year.

- Among luxury vehicles, sales volume of domestic manufactured models were 6,234 units, representing a growth of 17.8% as compared with same period last year while sales of imported models reached 3,926 units, decreasing by 7.8% as compared with the same period of last year.

Rapid Growth of After-sales Services

In the first half of 2015, both after-sales services in dealership outlets and comprehensive after-sales services outlets of the Group recorded substantial growth, mainly attributable to the increasing maturity of dealership outlets and the increasing number of stores in operation and maturity of the comprehensive after-sales services outlets.

As at June 30, 2015, the number of comprehensive after-sales services outlets owned by the Group reached 56. Comprehensive after-sales services outlets serve as high-end maintenance workshops specializing in after-sales services, premium accessories installation and car insurance agency for luxury and ultra-luxury vehicles. The rapid entry of our comprehensive after-sales services outlets into the enormous luxury and ultra-luxury vehicle markets has generated significant growth in revenue.

Strengthening the Foundation of New Energy Vehicles

In March 2015, the Company entered into a strategic cooperation framework agreement in respect of "internet + intelligent electric car" with 深圳騰訊產業投資基金有限公司 (Shenzhen Tencent Industrial Investment Fund Co., Ltd*) ("**Tencent**") and Foxconn Technology Group ("**Foxconn**") to actively explore innovative cooperation in the area of internet + intelligent electric car. So far, the above strategic cooperation has achieved rapid progress.

In July 2015, the above three parties (through various affiliates or related parties) duly incorporated 河南和諧富騰互聯網加智能電動汽車企業管理有限公司 (Henan Harmony Futeng Internet and Intelligent Electric Vehicle Corporate Management Company Limited*) and 河南和諧富騰互聯網加智能電動汽車企業新能源合夥企業（有限合夥）(Henan Harmony Futeng Internet and Intelligent Electric Vehicle Corporate New Energy Partnership (Limited Partnership)*) ("**Harmony Futeng LP**"). It is intended that Harmony Futeng LP, with an initial scale of RMB1.0 billion, of which Foxconn, Tencent and the Company would make capital contribution of RMB300 million, RMB300 million and RMB400 million, respectively, will mainly invest in new energy and/or intelligent electric vehicle projects and related internet projects.

In May and June 2015, 河南和諧汽車貿易有限公司 (Henan Hexie Automobile Trading Co., Ltd.*) (hereinafter referred to as "**Henan Hexie**"), a wholly-owned subsidiary of the Group, acquired 64.64% and 22.93% equity interests in 浙江綠野汽車有限公司 (Green Field Motor Co., Ltd.*) (hereinafter referred to as "**GFMC**") successively, thus holding 87.57% equity interests in GFMC. GFMC was established in June 2010 and located in Shangyu Industrial Zone in Hangzhou Bay, Shaoxing City, Zhejiang Province, occupying an area of 450 mu. GFMC possesses a large-scale whole electric vehicle production base encompassing four major production workshops of stamping, welding, coating and assembling. The Group intends to introduce strategic shareholders to GFMC and to develop it into a leading enterprise of economic electric vehicle in the PRC. In order to achieve this goal, GFMC has already adopted the following measures to enhance its competitive strengths:

- recruiting outstanding talents in research and development, manufacturing, sales, purchase and management;
- establishing Shanghai Technology Research and Development Center;
- expanding dealership and sales networks; and
- actively conducting development and research of high-speed electric vehicle model.

In addition, the Group intends to collaborate with its strategic partners in the development of a high-end intelligent electric vehicle project in Zhengzhou, Henan Province, in order to tap into this market of rapid growth and tremendous potential. As at the date of this announcement, construction site, product planning and investment planning for the project have been preliminarily determined, and global recruitment is also in process to form the respective management team.

Future Outlook and Development Strategies

In the opinion of the Group, the penetration rate of automobiles in China is still lagging behind developed countries and car ownership is far from saturation, hence a large room still exists for new automobile sales. With household income growth, consumption upgrading and rationalization of stock market, the luxury and ultra-luxury automobile markets are set to resume normal growth.

As at the end of 2014, vehicle ownership for civilian use in China reached 154 million. According to estimates made by research institutions in the industry, automobiles aged three years and above and six years and above currently account for over 60% and 40% of total number of automobiles in China, respectively. The increase in car ownership and the growth in average automobile age would further foster the booming growth of after-market services for automobiles, and its market scale is likely to reach RMB1 trillion in the next few years. As compared with developed countries, the automobile after-market in China is extensively fragmented at present. Along with the increasing demand for quality services and safety among consumers, the market would become more concentrated and industry leaders would be highly benefited.

Though ranking first in automobile market scale in the world, China still has a low new energy vehicles penetration level. Under encouragement and support from governmental policies, the increase in awareness on environmental protection among consumers as well as growth of maturity level of industry development, it is anticipated that new energy vehicles industry will continue its rapid development.

The Company will continue to execute the following development strategies with an aim to further boost up its profitability and create greater value for its shareholders:

- steadily developing 4S outlets business with focus on enhancing its after-sales service value;

- rapidly developing comprehensive after-sales service businesses, quickly developing community satellite stores on top of anchor stores to form a nationwide network and further enhancing its leading position in the country;

- proactively developing new energy automobile business while accelerating talents recruitment, research and development and products launching;

- fully utilizing internet platform, facilitating after-sales services and businesses of second-hand automobiles and parallel imports of automobiles, and realizing online and offline interaction and complementation; and

- proactively enhancing the penetration of automobile finance, increasing commission income and expanding financial leasing business.

FINANCIAL OVERVIEW

Revenue

Revenue of the Group was RMB5,008.1 million for the six months ended June 30, 2015, representing a stable level as compared with RMB5,004.4 million for the six months ended June 30, 2014. Despite the slight drop of revenue from new vehicles comparing with corresponding period last year, the Group maintained similar level of overall revenue comparing with the corresponding period of last year due to the rapid growth in the after-sales services revenue of the Group's comprehensive after-sales outlets.

Revenue from sales of new passenger vehicles slightly decreased by 5.0% from RMB4,439.3 million for the six months ended June 30, 2014 to RMB4,216.3 million for the six months ended June 30, 2015, accounting for 84.2% of the revenue (88.7% for the same period in 2014). The slight drop in sales revenue of new passenger vehicles was mainly due to the increasing sales volume of domestic car models of luxury brands and a slight drop in sales volume of imported car models as the unit prices of domestic car products are lower than imported car models. Moreover, as the growth rate of the sales of passenger vehicles market in China slowed down, the Group adopted various promotion policies to offer benefits to the consumers.

Revenue from after-sales services increased 40.1% to RMB791.8 million for the six months ended June 30, 2015 from RMB565.1 million for the six months ended June 30, 2014, accounting for 15.8% of the total revenue in the first half of 2015 as compared with 11.3% in the first half of 2014. Among which, after-sales services revenue derived from our dealership outlets increased to RMB565.6 million in the first half of 2015, representing an increase of 23.3% as compared with RMB458.8 million in the first half of 2014. Such increase was mainly attributable to the increasing maturity of our stores newly built in 2012 – 2013 and increasing demand for after-sales services from an expanded client base. Our comprehensive after-sales outlets contributed revenue of RMB226.2 million in the first half of 2015, an increase of 112.8% from RMB106.3 million in the first half of 2014. The proportion of after-sales revenue attributable to comprehensive after-sales outlets also increased to 28.6% in the first half of 2015 from 18.8% in the first half of 2014. Looking into the future, our fast-growing comprehensive after-sales outlets, which are in operation or will be in operation, will make greater contribution to the growth of our after-sales services and become an important profit growth driver of the Group.

Cost of sales and services provided

Our cost of sales and services increased by 0.1% from RMB4,456.7 million in the six months ended June 30, 2014 to RMB4,460.4 million in the six months ended June 30, 2015. Cost of sales attributable to sales of new passenger vehicles dropped by 2.6% from RMB4,140.2 million in the six months ended June 30, 2014 to RMB4,034.1 million in the six months ended June 30, 2015. Cost of sales attributable to after-sales services increased by 34.7% from RMB316.5 million in the six months ended June 30, 2014 to RMB426.3 million in the six months ended June 30, 2015.

Gross profit and gross profit margin

Our gross profit remained stable at RMB547.7 million in the six months ended June 30, 2015 as compared to RMB547.7 million in the six months ended June 30, 2014. Our gross profit margin was 10.9% in the six months ended June 30, 2015, maintaining a level similar as compared with 10.9% over the six months ended June 30, 2014.

Gross profit from sales of new passenger vehicles decreased by 39.0% to RMB182.3 million for the six months ended June 30, 2015 from RMB299.0 million for the six months ended June 30, 2014. For the six months ended June 30, 2015, sales of new vehicles reported gross profit margin of 4.3%, representing decreases of 2.4 percentage points and 0.5 percentage point as compared against that for the first half and the second half of 2014, respectively. The drop in gross profit margin was mainly due to the slowed growth rate in the market of passenger vehicles since the third quarter of 2014. To speed up the inventory turnover and lower the capital pressure from the high level of inventory, the Group adopted various promotion policies to offer benefits to the consumers, thus pushing the gross profit margin from sales of new vehicles to a relatively low level.

Gross profit from our after-sales services surged by 47.0% from RMB248.6 million for the six months ended June 30, 2014 to RMB365.5 million for the six months ended June 30, 2015. Of the total gross profit, gross profit contributed by our after-sales services increased to 66.7% for the first half of 2015 as compared with 45.4% for the first half of 2014. It was mainly attributable to the following factors: with a growing client base for our maturing dealership outlets and an expanding market share, gross profit derived from after-sales services provided by our dealership outlets increased by 32.5% from RMB200.2 million to RMB265.3 million, while our comprehensive after-sales services outlets contributed gross profit from after-sales services of RMB100.2 million, with a growth of 107.0% from RMB48.4 million in the corresponding period last year. Due to the rapid development and increasing maturity of our comprehensive after-sales outlets, the gross profit contributed by these outlets for the six months ended June 30, 2015 accounted for 27.4% of the total gross profit derived from our after-sales services, compared to 19.5% in the same period in 2014. For the six months ended June 30, 2015, gross profit margin of our after-sales service was 46.2%, representing an increase of 2.2 percentage points comparing with 44.0% of gross profit margin from our after-sales services in the first half of 2014, of which the gross profit margin for the after-sales services of dealership outlets was 46.9%, up by 3.3% from the same period in 2014, while the gross profit margin for comprehensive after-sales services outlets was 44.3%, down by 1.2 percentage points from the same period in 2014.

Selling and administrative expenses

As compared to RMB287.9 million for the six months ended June 30, 2014, selling and administrative expenses increased by 14.9% to RMB330.8 million for the six months ended June 30, 2015. It was mainly attributed to the increase of selling expenses of comprehensive after-sales services outlets which were newly built. For the six months ended June 30, 2015, selling and administrative expenses of dealership outlets was RMB247.0 million, representing an increase of 1.1% from RMB244.2 million for the six months ended June 30, 2014; for the six months ended June 30, 2015, selling and administrative expenses of comprehensive after-sales outlets was RMB45.5 million, representing an increase of 103.1% from RMB22.4 million for the six months ended June 30, 2014.

Other income and gains, net

Other income and gains, net increased by 26.6% from RMB196.4 million for the six months ended June 30, 2014 to RMB248.6 million for the six months ended June 30, 2015, and the increase was primarily due to:

- the commission income (mainly from insurance agency and vehicle financing agency services) for the six months ended June 30, 2015 was RMB131.4 million, representing an increase of 33.1% from RMB98.7 million for the six months ended June 30, 2014, primarily attributable to the following reasons: (i) increasing sales volume of new passenger vehicles; (ii) as compared to cash payment, more new passenger vehicles were purchased using the financing services provided by manufacturers, which led to improvement of financing coverage; and (iii) the increasing number of customers who used the insurance and extended insurance services referred by us when purchasing new passenger vehicles;
- a 40.7% increase in bank interest income from RMB29.5 million for the six months ended June 30, 2014 to RMB41.5 million for the six months ended June 30, 2015, primarily attributable to the increase in our bank deposit contributed partly by the proceeds from the offer of new shares in the first half of 2015;
- a 27.9% growth in interest income from entrusted loan and other third party loan from RMB29.8 million for the six months ended June 30, 2014 to RMB38.1 million for the six months ended June 30, 2015, primarily due to the utilization of the advantages of sufficient cash, thus making it possible for us to generate interest income higher than bank deposits with sound risk management.

Finance Costs

Our finance costs for the six months ended June 30, 2015 was RMB84.7 million, representing a decrease of RMB13.7 million or 13.9% as compared to RMB98.4 for the six months ended June 30, 2014, primarily due to the decrease of borrowing interest rates in China and that the Group repaid part of bank loans in the first half of 2015.

Earnings before Interest, Taxes, Depreciation and Amortization (EBITDA)

Our EBITDA for the six months ended June 30, 2015 was RMB528.5 million, representing a growth of RMB24.1 million or 4.8% as compared to RMB504.4 for the six months ended June 30, 2014.

Profit from operations

Based on the reasons discussed above, the Group's profit from operations for the six months ended June 30, 2015 was RMB465.6 million, representing an increase of RMB9.5 million or 2.1% as compared to RMB456.1 million for the six months ended June 30, 2014.

Profit for the period

Our profit for the six months ended June 30, 2015 was RMB282.5 million, representing an increase of 2.2% as compared against RMB276.4 million for the six months ended June 30, 2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

Our primary uses of cash are to pay for the purchases of passenger vehicles, spare parts and automobile accessories, to establish new dealership outlets and after-sales outlets and to fund our working capital and operating expenses. We finance our liquidity needs through a combination of short-term bank loans and cash flows generated from our operating activities.

As at June 30, 2015, cash and deposits of the Group totalled RMB4,390.7 million, representing a significant growth of 76.0% as compared with December 31, 2014, mainly attributable to the proceeds from issuing new shares in the amount of RMB2,651.0 million which we received in the first half of 2015 and mainly kept as cash deposit. As at June 30, 2015, among our cash and cash equivalents, HK$2,059.9 million (equivalent to RMB1,650.2 million) was deposited overseas and in HK$.

For the six months ended June 30, 2015 and the six months ended June 30, 2014, our net cash from operating activities was RMB717.2 million and RMB31.9 million, respectively. For the six months ended June 30, 2015 and the six months ended June 30, 2014, net cash used in investing activities was RMB608.5 million and RMB211.1 million, respectively. Net cash generated from financing activities for the six months ended June 30, 2015 and the six months ended June 30, 2014 was RMB1,921.3 million and RMB203.7 million, respectively.

Taking into account our existing cash and cash equivalents, anticipated cash flow from our operating activities, available bank facilities and other borrowings, the Board believes that our liquidity needs can be satisfied.

Net current assets

As at June 30, 2015, we had net current assets of RMB2,723.5 million, compared to net current assets of RMB126.2 million as of December 31, 2014. The growth was due to sufficient cash form issuing of new shares.

Capital expenditure

As at June 30, 2015, our capital expenditure, which was primarily intended for the purchase of items of property, plant and equipment in connection with the establishment of new outlets, was RMB247.5 million, representing a decrease of 24.6% comparing with the same period last year (as at June 30, 2014: RMB328.3 million).

Inventory

Our inventories primarily consist of new passenger vehicles, spare parts and automobile accessories. Each of our outlets individually manages its orders for new passenger vehicles and after-sales products, but the Group's headquarters implements active warning, supervision and management on inventories of all stores to ensure a reasonable inventory balance.

Our inventories decreased by RMB10.3 million or 0.7% from RMB1,486.5 million as of December 31, 2014 to RMB1,476.2 million as of June 30, 2015, primarily due to a decrease in our inventory of new passenger vehicles by 1.2% from RMB1,355.3 million as of December 31, 2014 to RMB1,338.5 million as at June 30, 2015. As the management of the Company always pays attention on the turnover of inventory, the Group established a warning management system for inventory and introduced promotion and marketing plans and corresponding measures in accordance with market trend which benefit customers. The Group also established a unified dynamic inventory management system to consolidate the inventory resources and reduce part of the inventory.

Our average inventory turnover days for the six months ended June 30, 2015 were 60 days with a similar level to 2014. Under the slowdown of growth rate in the market and rise in inventory pressure faced by each distributor, the Group was still able to maintain relatively rapid turnover of inventory.

Bank loans and other borrowings

As at June 30, 2015, we had bank loans and other borrowings in the aggregate amount of RMB2,653.2 million, as compared to RMB3,131.1 million as at December 31, 2014. The table below sets forth breakdowns of our bank loans and other borrowings as of the indicated dates:

	June 30, 2015	December 31, 2014
	Unaudited	Audited
	RMB'000	*RMB'000*
Bank loans repayable:		
Within one year or on demand	**1,910,503**	2,471,014
In the second year	**33,138**	33,138
In the third to fifth years	**92,542**	69,170
	2,036,183	2,573,322
Other borrowings repayable:		
Within one year or on demand	**616,980**	557,750
Total	**2,653,163**	3,131,072

Our net cash ratio, which is calculated by net cash (cash and deposits minus interest-bearing liability) divided by the total equity attributable to owners of the parent, was 31.6% as at June 30, 2015.

As at June 30, 2015, certain of our bank loans and other borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as at June 30, 2015 consisted of (i) inventories in the amount of RMB403.5 million; (ii) property, plant and equipment in the amount of RMB33.5 million; and (iii) land use rights in the amount of RMB12.5 million. In addition, certain of our bank loans and other borrowings were guaranteed by the controlling shareholder or affiliates of the controlling shareholder. As at June 30, 2015, the Group did not have bank borrowings, loans or bonds payable denominated in foreign currency.

Contingent liabilities

As at June 30, 2015, we did not have any material contingent liabilities or guarantees.

Interest rate risk and foreign exchange risk

We are exposed to interest rate risk resulting from fluctuations in interest rate on our debt. Certain of our borrowings have floating interest rates that are mostly linked to the benchmark rates of the People's Bank of China. Increases in interest rate could result in an increase in our cost of borrowing. If this occurs, it could adversely affect our finance costs, profit and our financial condition. The interest rates on bank loans and overdrafts in China depend on the benchmark lending rates published by the People's Bank of China. We do not currently use any derivative instruments to manage our interest rate risk.

Substantially all of our revenue, cost of revenue and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. We do not believe our operations are currently subject to any significant direct foreign exchange risk and have not used any derivative financial instruments to hedge our exposure to such risk.

Employees and remuneration policies

As at June 30, 2015, the Group had a total of 3,486 employees (December 31, 2014: 3,476 employees; June 30, 2014: 3,229 employees). Relevant staff cost for the six months ended June 30, 2015 was approximately RMB139.4 million (including employee share incentive of RMB7.9 million), while our staff cost was approximately RMB115.7 million for the six months ended June 30, 2014.

PURCHASES, SALE AND REDEMPTION OF LISTED SECURITIES

During the six months ended June 30, 2015, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities.

INTERIM DIVIDEND

The Board does not recommend the payment of interim dividend for the six months ended June 30, 2015.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

For the six months ended June 30, 2015, the Company has complied with the applicable code provisions of the Corporate Governance Code (the "**Code**") as set out in Appendix 14 to the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

The Board will continue to review and monitor the corporate governance status of the Company for the purpose of complying with the Code and maintaining a high standard of corporate governance of the Company.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the "Model Code for Securities Transactions by Directors of Listed Issuers" (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding directors' securities transactions. All directors have confirmed, following specific enquiry by the Company, that they have complied with the Model Code for the six months ended June 30, 2015.

AUDIT COMMITTEE

The Company established an audit committee (the "**Audit Committee**") with written terms of reference in compliance with the Listing Rules and the Code. As at the date of this announcement, the Audit Committee consists of three members, namely Mr. Xiao Changnian, Mr. Liu Zhangmin and Mr. Xue Guoping, all of whom are independent non-executive directors of the Company. Mr. Xiao Changnian is the chairman of the Audit Committee.

The Audit Committee has reviewed the unaudited interim results for the six months ended June 30, 2015.

PUBLICATION OF INTERIM RESULTS AND INTERIM REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

The interim results announcement is published on the website of the Stock Exchange (http://www.hkexnews.hk) and that of the Company (http://www.hexieauto.com). The interim report will be dispatched to the shareholders and will be available on the website of the Stock Exchange and that of the Company in due course.

By Order of the Board
CHINA HARMONY NEW ENERGY AUTO HOLDING LIMITED
Feng Changge
Chairman and Executive Director

Zhengzhou City, the People's Republic of China, August 31, 2015

As of the date of this announcement, the executive directors of the Company are Mr. Feng Changge, Mr. Yu Feng, Mr. Yang Lei, Mr. Cui Ke and Ms. Ma Lintao, the non-executive director of the Company is Mr. Wang Nengguang, and the independent non-executive directors of the Company are Mr. Xiao Changnian, Mr. Liu Zhangmin and Mr. Xue Guoping.

* *For identification proposes only*