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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)

POSITIVE PROFIT ALERT

This announcement is made by the board of directors (the "**Board**") of China Harmony New Energy Auto Holding Limited (the "**Company**", together with its subsidiaries, the "**Group**") pursuant to Rule 13.09(2)(a) of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and the Inside Information Provisions (as defined under the Listing Rules) under Part XIVA of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong).

The Board wishes to inform the shareholders of the Company (the "**Shareholder(s)**") and potential investors that based on a preliminary assessment of the currently available financial information and the unaudited consolidated management accounts of the Group, it is expected that the Group will record a substantial increase in its unaudited consolidated profit for the six months ended 30 June 2017 (the "**Reporting Period**"), and the expected profit attributable to owners of the parent for the Reporting Period will be higher than RMB520 million, and will represent an increase of more than 70% as compared to that for the six months ended 30 June 2016, primarily attributable to: (i) the continuing growth of the revenue generated from the Group's dealership businesses; (ii) a decrease recorded in the Group's expenses; (iii) an investment gain due to an increase of valuation of its equity interests arising from the Group's spin-off of independent aftersales business in the first half of 2017; and (iv) valuation of the equity interests owned by the Group in smart electric cars company FMC Cayman recorded a significant increase, which resulted in an investment gain to the Group.

The information contained in this announcement is only a preliminary assessment by the management of the Company based on the unaudited consolidated management accounts of the Group and other information currently available to the Group, which have not been audited or reviewed by the Company's auditors. The Company is still in the process of preparing the consolidated financial statements of the Group during the Reporting Period, which may be subject to adjustments. Details on the financial information during the Reporting Period shall be subject to the disclosure of the interim results announcement (which is expected to be published by the end of August 2017) of the Company.

Shareholders and potential investors are advised to exercise caution when dealing in the shares of the Company.

By order of the Board
China Harmony New Energy Auto Holding Limited
FENG Changge
Chairman and executive director

Zhengzhou, the People's Republic of China
August 7, 2017

As of the date of this announcement, the executive directors of the Company are Mr. Feng Changge, Mr. Liu Fenglei, Mr. Yang Lei, Mr. Qian Yewen and Ms. Ma Lintao; the non-executive director of the Company is Mr. Fan Qihui; and the independent non-executive directors of the Company are Mr. Xiao Changnian, Mr. Liu Zhangmin and Mr. Xue Guoping.