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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)

VOLUNTARY ANNOUNCEMENT

FORMATION OF AN “INTERNET + INTELLIGENT ELECTRIC VEHICLE” JOINT VENTURE INVESTMENT MANAGEMENT COMPANY

This is a voluntary announcement made by the Company.

INTRODUCTION

In order to respond to the development strategy of the Chinese government relating to internet and new energy vehicle and carry out the strategic cooperation framework agreement in respect of “internet + intelligent electric vehicle” entered into among Foxconn Technology Group, Shenzhen Tencent Computer Systems Company Limited and the Company, the Company, through Henan Hexie, its wholly-owned subsidiary, intends to jointly establish Harmony Futeng “Internet + Intelligent Electric Vehicle” Investment Partnership (Limited Partnership) (“**Harmony Futeng**”) with an initial size of RMB1 billion in Zhengzhou, Henan Province, together with Hongfujin Precision (Chengdu), a subsidiary of Hon Hai and Shenzhen Tencent, as an investment platform to jointly invest in new energy and/or intelligent electric vehicles projects and related internet projects. In connection with the establishment and management of Harmony Futeng, the Promoters have agreed to set up the Investment Management Company, which will be owned as to 40% by Henan Hexie, 30% owned by Hongfujin Precision (Chongqing) (a subsidiary of Hon Hai) and 30% owned by Shenzhen Tencent, to manage and administer the affairs and investments of Harmony Futeng and to act as general partners of Harmony Futeng.

FORMATION OF A JOINT VENTURE INVESTMENT MANAGEMENT COMPANY

The Board is pleased to announce that on June 18, 2015, Henan Hexie, Hongfujin Precision (Chongqing) and Shenzhen Tencent entered into the Shareholders’ Agreement for the establishment of the Investment Management Company for providing investment management and consulting services to Harmony Futeng.

Pursuant to the Shareholders' Agreement, Henan Hexie, Hongfujin Precision (Chongqing) and Shenzhen Tencent will each, respectively, hold 40%, 30% and 30% of the entire equity interest of the Investment Management Company. The total registered capital of the Investment Management Company is RMB20 million, which will be contributed by each of Henan Hexie, Hongfujin Precision (Chongqing) and Shenzhen Tencent in proportion to its respective equity interest in the Investment Management Company. The capital commitment was determined after arms' length negotiation between the Promoters with reference to the Promoters' respective shareholdings in the Investment Management Company and the expected expenses of the Investment Management Company.

The establishment of the Investment Management Company aims to leverage on the Promoters' resources in the internet and intelligent electric vehicle area, professional investment management team and advanced investment concepts for managing the daily operation of Harmony Futeng.

Pursuant to Shareholders' Agreement, the board of directors of the Investment Management Company will be constituted of three directors. The three Promoters each will appoint one director and the chairman of the board will be appointed by Hongfujin Precision (Chongqing), a subsidiary of Hon Hai. An investment committee constituted of three members will be established under the board of directors and the three Promoters each will appoint one member. A supervisor of the Investment Management Company will be delegated alternatively by the three Promoters. The general manager of the Investment Management Company will be nominated by Henan Hexie.

BACKGROUND OF HARMONY FUTENG

The main purpose to form the joint venture investment management company is to manage Harmony Futeng. The initial term of Harmony Futeng is eight years, commencing from the date of the establishment of Harmony Futeng and may be extended upon unanimous agreement of all partners of Harmony Futeng. The investment term of Harmony Futeng is three years, commencing from the date of the initial investment contributed by all partners.

The initial capital to be injected into Harmony Futeng is RMB1 billion and will be contributed by partners of Harmony Futeng by cash as follows:

Partners of Harmony Futeng	Type	Amount to be injected (RMB million)	Attributable percentage (%)
Investment Management Company	General partner	20	2
Henan Hexie	Limited partner	392	39.2
Hongfujin Precision (Chengdu)	Limited partner	294	29.4
Shenzhen Tencent	Limited partner	294	29.4
Total		1,000	100

The capital commitment was determined after arms' length negotiation between the partners with reference to the capital requirement of Harmony Futeng. The Company intends to fund its capital commitment to Harmony Futeng from internal resources of the Group.

Harmony Futeng will be managed by the Investment Management Company. Harmony Futeng is intended to principally to invest in new energy and/or intelligent electric vehicles projects and related internet projects. The establishment of Harmony Futeng is in line with the Group's business strategy in the internet and intelligent electric vehicle area.

As all of the relevant percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the aggregate total commitment to be provided by Henan Hexie under the Shareholders' Agreement and the relevant agreement of Harmony Futeng are less than 5%, the Shareholders' Agreement, the relevant agreement of Harmony Futeng and the transactions contemplated thereunder are exempt from the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules, and this announcement is made by the Company on a voluntary basis.

DEFINITIONS

In this announcement, unless the context otherwise requires, the following terms shall have the following meanings:

“Board”	the board of directors of the Company;
“Company”	China Harmony New Energy Auto Holding Limited (中國和諧新能源汽車控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability, whose shares are listed on the Main Board of the Stock Exchange;
“Group”	the Company and its subsidiaries;
“Henan Hexie”	Henan Hexie Auto Mobile Trading Co., Ltd. (河南和諧汽車貿易有限公司), a company established in the PRC on November 10, 2011 and a wholly-owned subsidiary of the Company;
“Hon Hai”	Hon Hai Precision Industry Co., Ltd., a company incorporated in Taiwan whose shares are listed on the Taiwan Stock Exchange Corporation under stock code 2317. Hon Hai indirectly owns 128,734,000 shares or 8.17% of total share capital in the Company through its wholly owned subsidiary Foxconn (Far East) Limited;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Hongfujin Precision (Chengdu)”	Hongfujin Precision Electronics (Chengdu) Co., Ltd. (鴻富錦精密電子(成都)有限公司), a limited liability company incorporated in the PRC, a subsidiary of Hon Hai;
“Hongfujin Precision (Chongqing)”	Hongfujin Precision Electronics (Chongqing) Co., Ltd. (鴻富錦精密電子(重慶)有限公司), a limited liability company incorporated in the PRC, a subsidiary of Hon Hai;
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange;
“Investment Management Company”	Hexie Futeng Internet + Intelligent Electric Vehicle Investment Management Co., Ltd. (和諧富騰互聯網+智能電動汽車投資管理有限公司) (the official name of which is subject to the approval of the industry and commerce administration), the joint venture to be established by Henan Hexie, Hongfujin Precision (Chongqing) and Shenzhen Tencent pursuant to the Shareholders' Agreement;

“PRC”	the People’s Republic of China;
“Promoters”	Henan Hexie, Hongfujin Precision (Chongqing) and Shenzhen Tencent;
“RMB”	Renminbi, the lawful currency of the PRC;
“Shareholders’ Agreement”	the shareholders’ agreement dated June 18, 2015 entered into between Henan Hexie, Hongfujin Precision (Chongqing) and Shenzhen Tencent for the establishment of the Investment Management Company;
“Shenzhen Tencent”	Shenzhen Tencent Industrial Investment Fund Co., Ltd. (深圳市騰訊產業投資基金有限公司), a limited liability company incorporated in the PRC and Shenzhen Tencent and its ultimate beneficial owner are independent third parties of the Company; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

By Order of the Board
China Harmony New Energy Auto Holding Limited
Feng Changge
Chairman of the Board

Zhengzhou, the PRC, June 18, 2015

As at 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.