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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: 3836)

**DISCLOSEABLE TRANSACTION AND CONNECTED TRANSACTION
AGREEMENTS IN RELATION TO ACQUISITION OF 22.93%
EQUITY INTERESTS OF GREEN FIELD A NON-WHOLLY
OWNED SUBSIDIARY**

Reference is made to the Announcements dated 11 May 2015 and 12 May 2015 of the Company in relation to the acquisition of the 64.64% equity interests of 浙江綠野汽車有限公司 (Green Field Motor Co., Ltd.*) (the “**Target**” or “**Green Field**”) through the Auction. Capitalized terms used herein shall have the same meanings as those in the Announcements unless the context otherwise requires.

On 25 June 2015 (after the trading hours), Henan Hexie entered into the Shanghai Tesike Share Transfer Agreement, the Runtu Holding Share Transfer Agreement, the Jinke Holding Share Transfer Agreement and the Shenzhen Zhongke Share Transfer Agreements (collectively, the “**Transfers**”), pursuant to which Henan Hexie has agreed to acquire an additional 22.93% equity interests in total in Green Field at an aggregate consideration of RMB58,100,000 (equivalent to approximately HK\$72,625,000). Upon the completion of the Transfers, the Company will through Henan Hexie hold 87.57% equity interests in the Target.

LISTING RULES IMPLICATIONS

As the Transfers entered into within 12 months after the acquisition of the 64.64% equity interests of the Target through the Auction (the “**Previous Acquisition**”), the Transfers shall be aggregated with the Previous Acquisition pursuant to the Rules 14.22 and 14.23 of the Listing Rules, and the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the above transactions are more than 5% and all the applicable percentage ratios are less than 25%, the transactions constitute discloseable transactions of the Company and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

64.64% equity interests of Green Field was transferred to Henan Hexie on 22 May 2015 and Green Field is a non-wholly owned subsidiary of the Group. Shenzhen Zhongke is a substantial shareholder of Green Field and thus a connected person of the Company at the subsidiary level. Accordingly, the Shenzhen Zhongke Share Transfer Agreement and the transaction contemplated thereunder constitute connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. As the Board have approved the Shenzhen Zhongke Share Transfer Agreement and the transaction contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Shenzhen Zhongke Share Transfer Agreement are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the agreement and the transaction contemplated thereunder are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

SHANGHAI TESIKE SHARE TRANSFER AGREEMENT

Date 25 June 2015

Parties

Purchaser: Henan Hexie

Vendor: Shanghai Tesike

Asset to be acquired

Pursuant to the Shanghai Tesike Share Transfer Agreement, Henan Hexie has agreed to acquire and Shanghai Tesike has agreed to sell 0.5525% equity interests of the Target.

Consideration and payment terms

The consideration for the transaction is RMB1,400,000 (equivalent to approximately HK\$1,750,000), which was negotiated by Henan Hexie and Shanghai Tesike on arm's length basis and determined by taking into consideration of, among others, the business value of the Target and the corresponding portion of registered capital paid by Shanghai Tesike. Pursuant to the Shanghai Tesike Share Transfer Agreement, Shanghai Tesike shall file and procure to complete an application for registration of the equity transfer with applicable administration for industry and commerce (the "**AIC Registration**") within five business days after the execution of the agreement. Henan Hexie shall pay the total consideration in cash within five business days after the completion of the AIC Registration.

Other material terms

Pursuant to the Shanghai Tesike Share Transfer Agreement, if Henan Hexie fails to make the payment within five business days after the completion of the AIC Registration, Henan Hexie shall pay 1.0% of the consideration as an overdue payment per day and pledge the equity interest to Shanghai Tesike.

RUNTU HOLDING SHARE TRANSFER AGREEMENT

Date 25 June 2015

Parties

Purchaser: Henan Hexie

Vendor: Runtu Holding

Asset to be acquired

Pursuant to the Runtu Holding Share Transfer Agreement, Henan Hexie has agreed to acquire and Runtu Holding has agreed to sell 4.1437% equity interests of the Target.

Consideration and payment terms

The consideration for the transaction is RMB10,500,000 (equivalent to approximately HK\$13,125,000), which was negotiated by Henan Hexie and Runtu Holding on arm's length basis and determined by taking into consideration of, among others, the business value of the Target and the corresponding portion of registered capital paid by Runtu Holding. Pursuant to the Runtu Holding Share Transfer Agreement, Runtu Holding shall file and procure to complete an application for the AIC Registration within five business days after signing the agreement. Henan Hexie shall pay the total consideration in cash within five business days after the completion of the AIC Registration.

JINKE HOLDING SHARE TRANSFER AGREEMENT

Date 25 June 2015

Parties

Purchaser: Henan Hexie

Vendor: Jinke Holding

Asset to be acquired

Pursuant to the Jinke Holding Share Transfer Agreement, Henan Hexie has agreed to acquire and Jinke Holding has agreed to sell 4.1437% equity interests of the Target.

Consideration and payment terms

The consideration for the transaction is RMB10,500,000 (equivalent to approximately HK\$13,125,000), which was negotiated by Henan Hexie and Jinke Holding on arm's length basis and determined by taking into consideration of, among others, the business value of the Target and the corresponding portion of registered capital paid by Jinke Holding. Pursuant to the Jinke Holding Share Transfer Agreement, 10% of the total consideration shall be paid within five business days upon the execution of the agreement and the remaining part shall be settled before 31 July 2015. Jinke Holding shall file relevant AIC Registration upon the date when receiving the total payment from Henan Hexie.

SHENZHEN ZHONGKE SHARE TRANSFER AGREEMENTS

Date 25 June 2015

Parties

Purchaser: Henan Hexie

Vendor: Shenzhen Zhongke

Asset to be acquired

Pursuant to the Shenzhen Zhongke Share Transfer Agreement, Henan Hexie has agreed to acquire and Shenzhen Zhongke has agreed to sell 14.09% equity interests of the Target.

Consideration and payment terms

The aggregate consideration for the transaction is RMB35,700,000 (equivalent to approximately HK\$44,625,000), which was negotiated by Henan Hexie and Shenzhen Zhongke on arm's length basis and determined by taking into consideration of, among others, the business value of the Target and the corresponding portion of registered capital paid by Shenzhen Zhongke. Pursuant to the Shenzhen Zhongke Agreement, Shenzhen Zhongke shall file and procure to complete an application for the AIC Registration within five business days after signing the agreement. Henan Hexie shall pay the total consideration in cash within five business days after the completion of the AIC Registration.

Prior to the execution of the Shenzhen Zhongke Share Transfer Agreement, Shenzhen Zhongke had paid RMB51,000,000 as the registered capital, which represents 14.09% equity interests of the Target.

The Directors (including the independent non-executive Directors) are of the view that the consideration set out above for the Shenzhen Zhongke Share Transfer Agreement is fair and reasonable and in the interest of the Company's Shareholders as a whole.

To the best of the Directors' knowledge, information and belief having made all reasonable enquiries, no Directors have a material interest in the Shenzhen Zhongke Share Transfer Agreement and the transaction contemplated thereunder and no Directors have abstained from voting in the board resolutions approving the Shenzhen Zhongke Share Transfer Agreement and the transaction contemplated thereunder.

REASONS FOR AND BENEFITS OF THE TRANSACTION

Upon the completion of the Transfers, the Company will through Henan Hexie hold 87.57% equity interests in the Target.

Please refer to the Announcements dated 11 May 2015 and 12 May 2015 for the details of the reasons for and benefits of the Transfers.

The Directors are of the view that the terms of the share transfer agreements are fair and reasonable on normal commercial terms and the transactions are in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE TARGET

The Target is a company incorporated in the PRC and is principally engaged in the research and development and manufacturing (which include manufacturing as OEM for various domestic and overseas automobile companies) and sales of automobile and automobile parts. It is one of the leading manufacturers of new energy electric vehicles in the PRC.

The book value of the total assets of the Target as at 31 December 2014 is RMB773,243,443 (equivalent to approximately HK\$966,554,300) and the valuation of the total assets of the Target as determined by adopting the cost valuation approach as at 31 December 2014 is RMB783,282,790 (equivalent to approximately HK\$979,103,490).

Please refer to the Announcements dated 11 May 2015 and 12 May 2015 for the detailed information of the Target.

The remaining 12.43% equity interests in the Target are owned by an independent third party to the Company and the Group intends to acquire the remaining equity interests of the Target from its shareholder when opportunities arise. The Company will comply with the applicable requirements of the Listing Rules in respect of the acquisition of the remaining equity interests in the Target as appropriate.

LISTING RULES IMPLICATIONS

As the Transfers entered into within 12 months after the Previous Acquisition, the Transfers shall be aggregated with the Previous Acquisition pursuant to the Rule 14.22 and 14.23 of the Listing Rules, and the applicable percentage ratios (as defined under Rule 14.07 of the Listing Rules) in respect of the above transactions are more than 5% and all the applicable percentage ratios are less than 25%, the transactions constitute discloseable transactions of the Company and are subject to the announcement requirement under Chapter 14 of the Listing Rules.

64.64% equity interests of Green Field was transferred to Henan Hexie on 22 May 2015 and Green Field is a non-wholly owned subsidiary of the Group. Shenzhen Zhongke is a substantial shareholder of Green Field and thus a connected person of the Company at the subsidiary level. Accordingly, the Shenzhen Zhongke Share Transfer Agreement and the transaction contemplated thereunder constitute connected transactions of the Company pursuant to Chapter 14A of the Listing Rules. As the Board have approved the Shenzhen Zhongke Share Transfer Agreement and the transaction contemplated thereunder and the independent non-executive Directors have confirmed that the terms of the Shenzhen Zhongke Share Transfer Agreement are fair and reasonable and the transaction contemplated thereunder is on normal commercial terms and in the interests of the Company and the Shareholders as a whole, the agreement and the transaction contemplated thereunder are exempt from the circular, independent financial advice and independent Shareholders' approval requirements pursuant to Rule 14A.101 of the Listing Rules.

DEFINITIONS

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

“Announcements”	the announcements made by the Company dated 11 May 2015 and 12 May 2015 in relation to, the acquisition of the 64.64% equity interests in the Target through the Auction;
“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 Automobile Trading Co., Ltd. (河南和諧汽車貿易有限公司), a company established in the PRC on 10 November 2011 and a wholly-owned subsidiary of the Company;
“HK\$”	Hong Kong dollar, the lawful currency of Hong Kong;
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC;
“Jinke Holding”	金科控股集團有限公司 (Jinke Holding Group Co., Ltd.*), a limited liability company incorporated in the PRC and primarily engaging in industrial manufacturing and properties investment businesses, which holds 4.1437% of the equity interests of the Target and its ultimate shareholders are independent of and are not connected persons of the Company;
“Jinke Holding Share Transfer Agreement”	the share transfer agreement dated 25 June 2015 entered into between Jinke Holding and Henan Hexie, pursuant to which Henan Hexie has agreed to acquire and Jinke Holding has agreed to sell 4.1437% equity interests in the Target;
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;
“RMB”	Renminbi, the lawful currency of the PRC;
“Runtu Holding”	潤土控股集團有限公司 (Runtu Holding Group Co., Ltd.*), a limited liability company incorporated in the PRC and primarily engaging in petrochemical business, which holds 4.1437% of the equity interests of the Target and its ultimate shareholders are independent of and are not connected persons of the Company;

“Runtu Holding Share Transfer Agreement”	the share transfer agreement dated 25 June 2015 entered into between Runtu Holding and Henan Hexie, pursuant to which Henan Hexie has agreed to acquire and Runtu Holding has agreed to sell 4.1437% equity interests in the Target;
“Shanghai Tesike”	上海特思克汽車科技有限公司 (Shanghai Tesike Automobile Technology Co., Ltd.*) a limited liability company incorporated in the PRC and primarily engaging in automobile engineering business, which holds 0.5525% of the equity interests of the Target and its ultimate shareholders are independent of and are not connected persons of the Company;
“Shanghai Tesike Share Transfer Agreement”	the share transfer agreement dated 25 June 2015 entered into between Shanghai Tesike and Henan Hexie, pursuant to which Henan Hexie has agreed to acquire and Shanghai Tesike has agreed to sell 0.5525% equity interests in the Target;
“Shenzhen Zhongke”	深圳市中科宏易創業投資有限公司 (Shenzhen Zhongke Hongyi Startup Investment Co., Ltd.*), a limited liability company incorporated in the PRC and primarily engaging in investment business, which holds 14.09% of the equity interests of the Target and a connected person of the Company;
“Shenzhen Zhongke Share Transfer Agreement”	the share transfer agreement and the supplemental share transfer agreements dated 25 June 2015 entered into between Shenzhen Zhongke and Henan Hexie, pursuant to which Henan Hexie has agreed to acquire and Shenzhen Zhongke has agreed to sell 14.09% equity interests in the Target; and
“Stock Exchange”	The Stock Exchange of Hong Kong Limited.

For illustration purposes only, amounts denominated in RMB in this announcement have been translated into Hong Kong dollars at an exchange rate of RMB1 = HK\$1.25.

* *For identification purpose only*

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

Zhengzhou, the People’s Republic of China, 25 June 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.