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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)**

## **PROFIT WARNING**

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 “**Shareholders**”) and potential investors that, based on the Group’s preliminary review of the unaudited consolidated management accounts of the Group for the year ended 31 December 2016, the Group is expected to record a consolidated net loss attributable to Shareholders for the year ended 31 December 2016 (the “**Expected Net Loss**”), whereas the Group recorded a consolidated net profit attributable to Shareholders for the year ended 31 December 2015 of approximately RMB563.4 million.

The Board considers that the Expected Net Loss for the year ended 31 December 2016 is primarily attributable to:

1. the Group's independent after-sales services business is still at the initial development stage, upfront costs were incurred due to rapid network expansion;
2. impairment loss arising from investments and acquisition by the Group; and
3. the Company's sale of aged stock at substantial discounts during the year.

At the date of this announcement, the Company is still in the process of finalising the consolidated annual results of the Group for the year ended 31 December 2016. The information contained in this announcement is only based on the Board's preliminary assessment of the currently available financial information of the Group which has not been reviewed by the Company's auditors or audit committee and may be subject to adjustments. Shareholders and potential investors are advised to read the final results announcement of the Group for the year ended 31 December 2016, which is expected to be released by the end of March 2017.

**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, 20 March 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.*