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This joint announcement is for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities of China Greenland Rundong Auto Group Limited.

**RUNDONG FORTUNE
INVESTMENT LIMITED**

*(Incorporated in the British Virgin Islands
with limited liability)*



潤東汽車

**China Greenland Rundong
Auto Group Limited**

中國綠地潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1365)

JOINT ANNOUNCEMENT

- (1) ACQUISITION OF CONTROLLING INTEREST IN
CHINA GREENLAND RUNDONG AUTO GROUP LIMITED;
(2) UNCONDITIONAL MANDATORY CASH OFFER BY
GUOTAI JUNAN SECURITIES (HONG KONG) LIMITED**



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Securities (Hong Kong) Limited

- FOR AND ON BEHALF OF
RUNDONG FORTUNE INVESTMENT LIMITED
FOR ALL THE ISSUED ORDINARY SHARES IN
CHINA GREENLAND RUNDONG AUTO GROUP LIMITED
(OTHER THAN THOSE SHARES ALREADY OWNED
OR AGREED TO BE ACQUIRED
BY RUNDONG FORTUNE INVESTMENT LIMITED AND
THE PARTIES ACTING IN CONCERT WITH IT);
AND
(3) RESUMPTION OF TRADING IN SHARES**

Financial adviser to Rundong Fortune Investment Limited



國泰君安國際
GUOTAI JUNAN INTERNATIONAL

Guotai Junan Capital Limited

THE GREENLAND SALE AND PURCHASE AGREEMENT

On June 26, 2016, the Board was notified by the Offeror that the Offeror and Greenland entered into the Greenland Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and Greenland agreed to sell the Greenland Sale Shares, comprising 283,942,800 Ordinary Shares and 284,327,947 CPS, for a total consideration of HK\$2,004,444,227, equivalent to approximately HK\$3.5273 per Ordinary Share and per CPS. Immediately prior to Greenland Completion, the Greenland Sale Shares, being all the Shares held by Greenland, represent approximately: (a) 30.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 35.3% of the voting rights of the Company (assuming full conversion of CPS). Greenland Completion took place on June 27, 2016 pursuant to the Greenland Sale and Purchase Agreement.

THE KKR AUTO SALE AND PURCHASE AGREEMENT

On June 26, 2016, the Board was notified by the Offeror that the Offeror, KKR Auto and Mr. Yang entered into the KKR Auto Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and KKR Auto agreed to sell the KKR Auto Sale Shares, comprising 168,000,000 CPS, for a total consideration of HK\$592,586,400, equivalent to HK\$3.5273 per CPS. As at the date of this joint announcement, the KKR Auto Sales Shares represent: (a) 0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) approximately 10.4% of the voting rights of the Company (assuming full conversion of CPS). As at the date of this joint announcement, KKR Auto Completion has not taken place.

UNCONDITIONAL MANDATORY CASH OFFER

Immediately prior to Greenland Completion, Greenland held 283,942,800 Ordinary Shares and 284,327,947 CPS, representing approximately: (a) 30.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 35.3% of the voting rights of the Company (assuming full conversion of CPS).

Immediately prior to Greenland Completion, the Offeror held 283,942,800 Ordinary Shares and 200,073,200 CPS, representing approximately: (a) 30.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 30.0% of the voting rights of the Company (assuming full conversion of CPS).

Immediately prior to Greenland Completion, the Offeror and Greenland (being a party acting in concert with the Offeror pursuant to the Concert Parties Agreement) together were interested in an aggregate 567,885,600 Ordinary Shares and 484,401,147 CPS, representing approximately: (a) 60.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 65.3% of the voting rights of the Company (assuming full conversion of CPS).

Upon Greenland Completion and as at the date of this joint announcement, Greenland ceased to be a Shareholder. The Offeror is interested in 567,885,600 Ordinary Shares and 484,401,147 CPS, representing approximately: (a) 60.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 65.3% of the voting rights of the Company (assuming full conversion of CPS).

Pursuant to the Greenland Sale and Purchase Agreement, the Offeror acquired voting rights from another member of the party acting in concert, as a result, the Offeror increased its shareholding in the Company from 30.0% to 60.0% of Ordinary Shares (assuming no CPS have been converted into Ordinary Shares). Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it. Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make comparable offer in cash for cancellation of all the outstanding Options and Management Subscription Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

PARTIES ACTING IN CONCERT WITH THE OFFEROR

(i) Rundong Smart, trustee of the Rundong Wisdom Trust for the benefit of its beneficiaries comprising of Ms. Cao Weining (the sister of Ms. Cao Weijing, who is the wife of Mr. Yang), her parents and children; and (ii) Runda, as a trustee of the Pre-IPO Share Option Scheme, are parties acting in concert with the Offeror. Rundong Smart holds 35,984,000 Ordinary Shares, representing approximately 3.8% of the voting rights of the Company and Runda holds (a) 5,855,000 Ordinary Shares, representing approximately 0.6% of the voting rights of the Company, and (b) 6,963,414 Options.

Mr. Yang, who is also a party acting in concert with the Offeror, is interested in 25,829,196 Management Subscription Shares.

IRREVOCABLE UNDERTAKINGS

The Offeror has received Irrevocable Undertakings from each of (i) KKR Auto; and (ii) the Management Subscribers (save for Mr. Yang).

KKR Auto Irrevocable Undertaking

Upon KKR Auto Completion, KKR Auto will be interested in the KKR Auto Remaining Shares. Pursuant to the KKR Auto Irrevocable Undertaking, KKR Auto has irrevocably undertaken to the Offeror, inter alia, that it (i) will not accept the Offer in respect of the 100,132,400 Ordinary Shares and will not accept the comparable offer in respect of 11,867,600 CPS if one were to be made to KKR Auto; (ii) will not take other action to make the KKR Auto Remaining Shares available for acceptance of the Offer; and (iii) before close of the Offer, will continue to hold the KKR Auto Remaining Shares and will not sell, transfer or dispose of the KKR Auto Remaining Shares to the Offeror or any other third party or create encumbrance on the KKR Auto Remaining Shares.

Management Subscribers Irrevocable Undertakings

As at the date of this joint announcement, save for Mr. Yang, there are 25,677,950 Management Subscription Shares remain outstanding conferring rights on the Management Subscribers (save for Mr. Yang) to subscribe for Ordinary Shares. Pursuant to the Management Subscribers Irrevocable Undertakings, each of the Management Subscribers (save for Mr. Yang) has irrevocably undertaken to the Offeror, inter alia, that he (i) will not accept an offer in respect of the cancellation of the outstanding Management Subscription Shares if one were to be made to him; (ii) will not take any other action to make his portion of the Management Subscription Shares available for acceptance of the Offer; and (iii) before close of the Offer, will continue to hold his portion of the Management Subscription Shares and will not sell, transfer or dispose of his portion of the Management Subscription Shares to the Offeror or any other third party or create encumbrance on his portion of the Management Subscription Shares.

THE OFFER

Taking into account the Irrevocable Undertakings, GTJA Securities will, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, make the Offer to acquire all the issued Ordinary Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) on terms to be set out in the Composite Document on the following basis:

The Offer

For each Offer Share HK\$3.5273 in cash

As at the date of this joint announcement, save for the Offeror and KKR Auto, there are no other holders of CPS. Pursuant to the KKR Auto Irrevocable Undertaking, KKR Auto will not accept the comparable offer in respect of 11,867,600 CPS if one were to be made to KKR Auto. Therefore, no comparable offer will be made in respect of the CPS by the Offeror.

As at the date of this joint announcement, Runda, a party acting in concert with the Offeror, is the only Optionholder, who is interested in, inter alia, 6,963,414 Options, in its capacity as a trustee of the Pre-IPO Share Option Scheme. Therefore, no comparable offer will be made in respect of the cancellation of the Options by the Offeror.

Pursuant to the Management Subscribers Irrevocable Undertakings, none of the Management Subscribers (save for Mr. Yang) will be accepting an offer in respect of the cancellation of the Management Subscription Shares. Therefore, no comparable offer will be made by in respect of the Management Subscription Shares by the Offeror.

The Interest Adjustment

In the event that an interest is accrued and is payable by the Offeror to KKR Auto pursuant to the KKR Auto Sale and Purchase Agreement, such interest shall be extended to all accepting Independent Shareholders regardless of the date of the Independent Shareholders accepting the Offer. The interest per Share to be extended to all accepting Independent Shareholders shall be calculated as follows:

$$\text{Interest per Share} = \frac{\text{amount of interest actually accrued pursuant to the Interest Calculation}}{\text{KKR Auto Sale Shares}}$$

The Interest Adjustment is valued up to HK\$0.0227 per Offer Share, on the basis that the interest payable to KKR Auto accrues up to August 24, 2016. The Interest Adjustment (if any) will be paid to the Independent Shareholders as soon as possible, but in any event on or before the earlier of (a) September 2, 2016, being the seventh Business Day from August 24, 2016; or (b) the date of which KKR Auto receives an interest from the Offeror pursuant to the KKR Auto Sale and Purchase Agreement.

Shareholders and potential investors should be aware and take note that the Interest Adjustment is conditional upon an interest is accrued and is payable by the Offeror to KKR Auto pursuant to the KKR Auto Sale and Purchase Agreement. Accordingly, the Interest Adjustment may or may not be made.

The Offeror intends to finance and satisfy the consideration payable under the Offer by the Loan Facility in the amount up to HK\$850,000,000 granted by GTJA Securities.

GTJA Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that sufficient financial resources are available to the Offeror to satisfy full acceptances of the Offer and the payment pursuant to the Interest Adjustment.

Value of the Offer

As at the date of this joint announcement, the Company has 946,476,000 Ordinary Shares in issue. Save for (a) 567,885,600 Ordinary Shares that are already owned or agreed to be acquired by the Offeror; (b) 35,984,000 Ordinary Shares owned by Rundong Smart; and (c) 5,855,000 Ordinary Shares held by Runda, 336,751,400 Ordinary Shares will be subject to the Offer. Assuming there is no change in the issued share capital of the Company prior to the making of the Offer, on the basis of the Offer Price of HK\$3.5273 per Offer Share, the Offer are valued at approximately HK\$1,187,823,213.22. The Interest Adjustment is valued up to HK\$7,644,256.78, representing HK\$0.0227 per Offer Share, on the basis that the interest payable to KKR Auto accrues up to August 24, 2016.

Taking into account the KKR Auto Irrevocable Undertaking, 236,619,000 Ordinary Shares will be subject to the Offer, assuming there is no change in the issued share capital of the Company prior to the making of the Offer, on the basis of the Offer Price of HK\$3.5273 per Offer Share, the Offer are valued at approximately HK\$834,626,198.70. Taking into account the KKR Auto Irrevocable Undertaking, the Interest Adjustment is valued up to HK\$5,371,251.30, representing HK\$0.0227 per Offer Share, on the basis that the interest payable to KKR Auto accrues up to August 24, 2016.

GENERAL

Independent Board Committee

The Company has established the Independent Board Committee comprising Mr. Yan Sujian, a non-executive Director, and all independent non-executive Directors, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan, all of whom have no direct or indirect interest in the Offer, to advise the Independent Shareholders in relation to the terms and conditions of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

Independent Financial Adviser

The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer. Further announcement will be made by the Company regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, the offer document containing, among other things, the terms of the Offer, should normally be despatched to the Shareholders within 21 days of the date of this joint announcement or such other later date as the Executive may approve. It is the intention of the Offeror and the Company to combine the Offeror's offer document and the Company's offeree board circular into the Composite Document to be despatched within 21 days of the date of this joint announcement.

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SUSPENSION OF TRADING AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on June 27, 2016 pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on July 4, 2016.

THE GREENLAND SALE AND PURCHASE AGREEMENT

On June 26, 2016, the Board was notified by the Offeror that the Offeror and Greenland entered into the Greenland Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and Greenland agreed to sell the Greenland Sale Shares, comprising 283,942,800 Ordinary Shares and 284,327,947 CPS, for a total consideration of HK\$2,004,444,227, equivalent to approximately HK\$3.5273 per Ordinary Share and per CPS. Immediately prior to Greenland Completion, the Greenland Sale Shares, being all the Shares held by Greenland, represent approximately: (a) 30.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 35.3% of the voting rights of the Company (assuming full conversion of CPS).

Consideration

The consideration pursuant to the Greenland Sale and Purchase Agreement was determined between the Offeror and Greenland after arm's length negotiations. The consideration shall be satisfied by the Offeror to Greenland on the date of Greenland Completion.

Completion

Greenland Completion took place on June 27, 2016 pursuant to the Greenland Sale and Purchase Agreement.

THE KKR AUTO SALE AND PURCHASE AGREEMENT

On June 26, 2016, the Board was notified by the Offeror that the Offeror, KKR Auto and Mr. Yang entered into the KKR Auto Sale and Purchase Agreement, pursuant to which the Offeror agreed to acquire and KKR Auto agreed to sell the KKR Auto Sale Shares, comprising 168,000,000 CPS, for a total consideration of HK\$592,586,400, equivalent to HK\$3.5273 per CPS. As at the date of this joint announcement, the KKR Auto Sale Shares represent: (a) 0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) approximately 10.4% of the voting rights of the Company (assuming full conversion of CPS).

Consideration

The consideration pursuant to the KKR Auto Sale and Purchase Agreement was determined between the Offeror, KKR Auto and Mr. Yang after arm's length negotiations. The consideration shall be satisfied by the Offeror to KKR Auto in the following manner:

- (i) HK\$100,000,000 shall be paid by the Offeror to KKR Auto on or before the earlier of (a) June 27, 2016; or (b) Greenland Completion;
- (ii) HK\$50,000,000 shall be paid on or before July 4, 2016; and
- (iii) the remaining of the consideration shall be paid by the Offeror to KKR Auto at KKR Auto Completion.

Completion

As at the date of this joint announcement, KKR Auto Completion has not taken place. KKR Auto Completion shall take place on the KKR Auto Target Completion Date, being August 5, 2016 or such other day as the parties may agree. In any event KKR Auto Completion will occur before or simultaneously with the completion of the Offer.

After KKR Auto Completion, KKR Auto will be interested in the KKR Auto Remaining Shares, comprising 100,132,400 Ordinary Shares and 11,867,600 CPS, representing approximately: (a) 10.6% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 7.0% of the voting rights of the Company (assuming full conversion of CPS).

Interest

In the event KKR Auto Completion does not occur on or before KKR Auto Target Completion Date for any reason other than the KKR Auto's breach of the KKR Auto Sale and Purchase Agreement, the Offeror shall be liable for an interest to be calculated as follows:

$$\text{Interest} = A * B * C$$

where:

$$A = 15\% \div 365$$

B = number of days between the KKR Auto Target Completion Date (inclusive) and the earliest of the following (inclusive): (a) the date that KKR Auto Completion actually occurs, (b) the date that KKR Auto Sale and Purchase Agreement is terminated; or (c) August 24, 2016

C = the remaining of the consideration shall be paid by the Offeror to KKR Auto at KKR Auto Completion

The interest will cease to accrue on August 24, 2016.

In the event KKR Auto Completion does not occur on or before August 24, 2016, either KKR Auto (provided that KKR Auto is not then in breach of the KKR Auto Sale and Purchase Agreement) or the Offeror (provided that the Offeror or Mr. Yang is not then in breach of the KKR Auto Sale and Purchase Agreement) may terminate the KKR Auto Sale and Purchase Agreement by written notice to the other parties.

The Offeror shall use its best endeavor to procure KKR Auto Completion take place on or before on KKR Auto Target Completion Date.

UNCONDITIONAL MANDATORY CASH OFFER

Prior to Greenland Completion

Immediately prior to Greenland Completion, Greenland held 283,942,800 Ordinary Shares and 284,327,947 CPS, representing approximately: (a) 30.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 35.3% of the voting rights of the Company (assuming full conversion of CPS).

Immediately prior to Greenland Completion, the Offeror held 283,942,800 Ordinary Shares and 200,073,200 CPS, representing approximately: (a) 30.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 30.0% of the voting rights of the Company (assuming full conversion of CPS).

Immediately prior to Greenland Completion, the Offeror and Greenland (being a party acting in concert with the Offeror pursuant to the Concert Parties Agreement) together were interested in an aggregate 567,885,600 Ordinary Shares and 484,401,147 CPS, representing approximately: (a) 60.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 65.3% of the voting rights of the Company (assuming full conversion of CPS).

Upon Greenland Completion

Upon Greenland Completion and as at the date of this joint announcement, Greenland ceased to be a Shareholder. The Offeror is interested in 567,885,600 Ordinary Shares and 484,401,147 CPS, representing approximately: (a) 60.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 65.3% of the voting rights of the Company (assuming full conversion of CPS).

Pursuant to the Greenland Sale and Purchase Agreement, the Offeror acquired voting rights from another member of a group acting in concert, as a result, the Offeror increased its shareholding in the Company from 30.0% to 60.0% of Ordinary Shares (assuming no CPS have been converted into Ordinary Shares). Pursuant to Rule 26.1 of the Takeovers Code, the Offeror is required to make an unconditional mandatory general offer in cash for all the issued Shares other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it. Pursuant to Rule 13 of the Takeovers Code, the Offeror is required to make comparable offer in cash for cancellation of all the outstanding Options and Management Subscription Shares, other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it.

PARTIES ACTING IN CONCERT WITH THE OFFEROR

(i) Rundong Smart, trustee of the Rundong Wisdom Trust for the benefit of its beneficiaries comprising of Ms. Cao Weining (the sister of Ms. Cao Weijing, who is the wife of Mr. Yang), her parents and children; and (ii) Runda, as a trustee of the Pre-IPO Share Option Scheme, are parties acting in concert with the Offeror. Rundong Smart owns 35,984,000 Ordinary Shares, representing approximately 3.8% of the voting rights of the Company and Runda holds (a) 5,855,000 Ordinary Shares, representing approximately 0.6% of the voting rights of the Company, and (b) 6,963,414 Options.

Mr. Yang, who is also a party acting in concert with the Offeror, is interested in 25,829,196 Management Subscription Shares.

IRREVOCABLE UNDERTAKINGS

The Offeror has received Irrevocable Undertakings from each of (i) KKR Auto and (ii) the Management Subscribers (save for Mr. Yang).

KKR Auto Irrevocable Undertaking

As at the date of this joint announcement, KKR Auto is interested in 100,132,400 Ordinary Shares and 179,867,600 CPS, representing approximately (a) 10.6% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 17.4% of the voting rights of the Company (assuming full conversion of CPS). Upon KKR Auto Completion, KKR Auto will be interested in the KKR Auto Remaining Shares, comprising 100,132,400 Ordinary Shares and 11,867,600 CPS, representing approximately (a) 10.6% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares); and (b) 7.0% of the voting rights of the Company (assuming full conversion of CPS).

Pursuant to the KKR Auto Irrevocable Undertaking, KKR Auto has irrevocably undertaken to the Offeror, inter alia, that it (i) will not accept the Offer in respect of the 100,132,400 Ordinary Shares and will not accept the comparable offer in respect of 11,867,600 CPS if one were to be made to KKR Auto; (ii) will not take other action to make the KKR Auto Remaining Shares available for acceptance of the Offer; and (iii) before close of the Offer, will continue to hold the KKR Auto Remaining Shares and will not sell, transfer or dispose of the KKR Auto Remaining Shares to the Offeror or any other third party or create encumbrance on the KKR Auto Remaining Shares.

Management Subscribers Irrevocable Undertakings

As at the date of this joint announcement, save for Mr. Yang, there are 25,677,950 Management Subscription Shares remain outstanding conferring rights on the Management Subscribers (save for Mr. Yang) to subscribe for Ordinary Shares. Pursuant to the Management Subscribers Irrevocable Undertakings, each of the Management Subscribers (save for Mr. Yang) has irrevocably undertaken to the Offeror, inter alia, that he (i) will not accept an offer in respect of the cancellation of the outstanding Management Subscription Shares if one were to be made to him; (ii) will not take any other action to make his portion of the Management Subscription Shares available for acceptance of the Offer, and (iii) before close of the Offer, will continue to hold his portion of the Management Subscription

Shares and will not sell, transfer or dispose of his portion of the Management Subscription Shares to the Offeror or any other third party or create encumbrance on his portion of the Management Subscription Shares.

PRINCIPAL TERMS OF THE OFFER

Taking into account the Irrevocable Undertakings, GTJA Securities will, on behalf of the Offeror and pursuant to Rule 26.1 of the Takeovers Code, make the Offer to acquire all the issued Ordinary Shares (other than those already owned or agreed to be acquired by the Offeror and the parties acting in concert with it) on terms to be set out in the Composite Document on the following basis:

The Offer

For each Offer Share HK\$3.5273 in cash

The Offer Price of HK\$3.5273 per Offer Share is equal to the price per Ordinary Sale Share to be paid by the Offeror to Greenland under the Greenland Sale and Purchase Agreement.

As at the date of this joint announcement, save for the Offeror and KKR Auto, there are no other holders of CPS. Pursuant to the KKR Auto Irrevocable Undertaking, KKR Auto will not accept the comparable offer in respect of 11,867,600 CPS if one were to be made to KKR Auto. Therefore, no comparable offer will be made in respect of the CPS by the Offeror.

As at the date of this joint announcement, Runda, a party acting in concert with the Offeror, is the only Optionholder, who is interested in, inter alia, 6,963,414 Options, in its capacity as a trustee of the Pre-IPO Share Option Scheme. Therefore, no comparable offer will be made in respect of the cancellation of the Options by the Offeror.

Pursuant to the Management Subscribers Irrevocable Undertakings, none of the Management Subscribers (save for Mr. Yang) will be accepting an offer in respect of the cancellation of the Management Subscription Shares. Therefore, no comparable offer will be made by in respect of the Management Subscription Shares by the Offeror.

The Interest Adjustment

In the event that an interest is accrued and is payable by the Offeror to KKR Auto pursuant to the KKR Auto Sale and Purchase Agreement, such interest shall be extended to all accepting Independent Shareholders regardless of the date of the Independent Shareholders accepting the Offer. The interest per Share to be extended to all accepting Independent Shareholders shall be calculated as follows:

$$\text{Interest per Share} = \frac{\text{amount of interest actually accrued pursuant to the Interest Calculation}}{\text{KKR Auto Sale Shares}}$$

The Interest Adjustment is valued up to HK\$0.0227 per Offer Share, on the basis that the interest payable to KKR Auto accrues up to August 24, 2016. The Interest Adjustment (if any) will be paid to the Independent Shareholders as soon as possible, but in any event on

or before the earlier of (a) September 2, 2016, being the seventh Business Day from August 24, 2016; or (b) the date of which KKR Auto receives an interest from the Offeror pursuant to the KKR Auto Sale and Purchase Agreement.

Shareholders and potential investors should be aware and take note that the Interest Adjustment is conditional upon an interest is accrued and is payable by the Offeror to KKR Auto pursuant to the KKR Auto Sale and Purchase Agreement. Accordingly, the Interest Adjustment may or may not be made.

Comparison of value

The Offer Price, excluding the interest payment pursuant to the Interest Adjustment, of HK\$3.5273 per Offer Share represents:

- (i) a premium of approximately 7.9% to the closing price of HK\$3.27 per Share as quoted on the Stock Exchange on June 24, 2016, being the Last Trading Day;
- (ii) a premium of approximately 8.9% to the average of the closing prices of the Shares of HK\$3.24 per Share as quoted on the Stock Exchange for the last five trading days up to and including the Last Trading Day;
- (iii) a premium of approximately 12.3% to the average of the closing prices of the Shares of HK\$3.14 per Share as quoted on the Stock Exchange for the last ten trading days up to and including the Last Trading Day; and
- (iv) a premium of approximately 12.7% to the average of the closing prices of the Shares of HK\$3.13 per Share as quoted on the Stock Exchange for the last thirty trading days up to and including the Last Trading Day.

Highest and lowest Share prices

During the six-month period immediately prior to and including the Last Trading Day, the lowest closing price per Share as quoted on the Stock Exchange was HK\$2.80 on May 11, 2016 and the highest closing price per Share as quoted on the Stock Exchange was HK\$3.31 on June 23, 2016.

Value of the Offer

As at the date of this joint announcement, the Company has 946,476,000 Ordinary Shares in issue. Save for:

- (a) 567,885,600 Ordinary Shares that are already owned or agreed to be acquired by the Offeror;
- (b) 35,984,000 Ordinary Shares owned by Rundong Smart; and
- (c) 5,855,000 Ordinary Shares held by Runda,

336,751,400 Ordinary Shares will be subject to the Offer. Assuming there is no change in the issued share capital of the Company prior to the making of the Offer, on the basis of the Offer Price of HK\$3.5273 per Offer Share, the Offer are valued at approximately

HK\$1,187,823,213.22. The Interest Adjustment is valued up to HK\$7,644,256.78, representing HK\$0.0227 per Offer Share, on the basis that the interest payable to KKR Auto accrues up to August 24, 2016.

Taking into account the KKR Auto Irrevocable Undertaking, 236,619,000 Ordinary Shares will be subject to the Offer, assuming there is no change in the issued share capital of the Company prior to the making of the Offer, on the basis of the Offer Price of HK\$3.5273 per Offer Share, the Offer are valued at approximately HK\$834,626,198.70. Taking into account the KKR Auto Irrevocable Undertaking, the Interest Adjustment is valued up to HK\$5,371,251.30, representing HK\$0.0227 per Offer Share, on the basis that the interest payable to KKR Auto accrues up to August 24, 2016.

Financial resources available to the Offeror

The Offeror intends to finance and satisfy the consideration payable under the Offer by the Loan Facility in the amount up to HK\$850,000,000 granted by GTJA Securities.

GTJA Capital, being the financial adviser to the Offeror in respect of the Offer, is satisfied that there are sufficient financial resources available to the Offeror to satisfy full acceptances of the Offer and the payment pursuant to the Interest Adjustment.

Effects of accepting the Offer

By accepting the Offer, the relevant Shareholders will sell their Ordinary Shares to the Offeror free from all liens, claims, charges, encumbrances, rights of pre-emption and any third party rights of any nature and together with all rights attached to them, including but not limited to the right to receive all dividends and distributions declared, made or paid, if any, on or after which the Offer is made, being the date of despatch of the Composite Document. Acceptances of the Offer shall be irrevocable and not capable of being withdrawn, excepted as permitted under the Takeovers Code.

Dealing and interests in the Company's securities

Save for the acquisition of the Greenland Sale Shares and KKR Auto Sale Shares under each of the Sale and Purchase Agreements, the Offeror and parties acting in concert with it had not dealt in the Shares, outstanding share options, derivatives, warrants or other securities convertible into Shares during the six-month period prior to the date of this joint announcement.

As at the date of this joint announcement, the Offeror and parties acting in concert with it had not entered into any arrangements or contracts in relation to the outstanding derivatives in respect of securities in the Company nor have any of them borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

Stamp duty

In Hong Kong, the seller's ad valorem stamp duty arising in connection with acceptances of the Offer will be payable by the relevant Shareholders at a rate of 0.1% of (a) the market value of the Offer Shares; or (b) consideration payable by the Offeror in respect of the relevant acceptances of the Offer, whichever is higher, and will be deducted from the cash

amount payable by the Offeror to the relevant Shareholders accepting the Offer. The Offeror will arrange for payment of the seller's ad valorem stamp duty on behalf of the relevant Shareholders accepting the Offer and will pay the buyer's ad valorem stamp duty in connection with the acceptance of the Offer and the transfer of the Shares in accordance with the Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong).

Payment

Payment in cash in respect of acceptances of the Offer, net of seller's Hong Kong ad valorem stamp duty, will be made as soon as possible but in any event within seven Business Days of the date on which the duly completed acceptance of the Offer and the relevant documents of title of the Shares in respect of such acceptance are received by the Offeror or its agent acting on its behalf to render each of such acceptance complete and valid. Interest Adjustment (if any) will be paid to the Independent Shareholders as soon as possible, but in any event on or before the earlier of (a) September 2, 2016, being the seventh Business Day from August 24, 2016; or (b) the date of which KKR Auto receives an interest from the Offeror pursuant to the KKR Auto Sale and Purchase Agreement.

Taxation advice

Shareholders are recommended to consult their own professional advisers if they are in any doubt as to the taxation implications of accepting or rejecting the Offer. None of the Offeror, the Company, and their respective ultimate beneficial owners, directors, officers, agents or associates or any other person involved in the Offer accepts responsibility for any taxation effects on, or liabilities of, any persons as a result of their acceptance or rejection of the Offer.

Overseas Shareholders

The availability of the Offer to persons who are not residents in Hong Kong may be affected by the applicable laws of the relevant jurisdiction in which they are residents. Overseas Shareholders who are citizens, residents or nationals of a jurisdiction outside Hong Kong should observe any applicable legal or regulatory requirements in their own jurisdictions and, where necessary, seek their own legal advice. It is the responsibility of the Overseas Shareholders who wish to accept the Offer to satisfy themselves as to the full observance of the laws and regulations of the relevant jurisdictions in connection with the acceptance of the Offer (including the obtaining of any governmental or other consent which may be required or the compliance with other necessary formalities and the payment of any transfer or other taxes due by such Overseas Shareholders in respect of such jurisdictions).

Any acceptance of any Shareholders will be deemed to constitute a representation and warranty from such Shareholders to the Offeror that the local laws and requirements have been complied with. The Shareholders should consult their professional advisers if in doubt.

Other arrangements

A shareholders' agreement dated December 28, 2010 was entered into between, among others, KKR Auto and Rundong Holding, pursuant to which KKR Auto was granted certain rights to require the Offeror and Rundong Smart to transfer additional Ordinary Shares if the Company does not achieve certain profit target. Details of this are disclosed in the

prospectus of the Company dated July 31, 2014. On May 18, 2015, KKR Auto, Rundong Fortune, Mr. Yang and Ms. Cao Weijing, among others, entered into an amendment agreement to amend the valuation adjustment. Pursuant to such amendment agreement, following the sale by KKR Auto of all of the Investor Shares held by KKR Auto, if there is any Shortfall, Rundong Smart and Mr. Yang will either transfer Ordinary Shares or make a cash payment to KKR Auto so as to offset the amount the Shortfall.

KKR Auto has (i) confirmed that there has been no dealing in the relevant securities (having the meaning ascribed to it under the Takeovers Code) of the Company by KKR Auto within the six-month period prior to the date of this joint announcement; and (ii) undertaken that it will not deal in the relevant securities (having the meaning ascribed to it under the Takeovers Code) of the Company by KKR Auto during the offer period. It is not necessary to determine whether KKR Auto is acting in concert with the Offeror at this stage.

The Offeror confirms that, as at the date of this joint announcement:

- (i) the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them have not received any irrevocable commitment to accept the Offer;
- (ii) there is no outstanding derivative in respect of securities in the Company which has been entered into by any of the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them;
- (iii) save for the Irrevocable Undertakings, there is no other arrangement (whether by way of option, indemnity or otherwise) of the kind referred to in Note 8 to Rule 22 of the Takeovers Code in relation to the shares of the Offeror or the Shares and which might be material to the Offer;
- (iv) save for (a) 567,885,600 Ordinary Shares and 484,401,147 CPS held by the Offeror; (b) 35,984,000 Ordinary Shares held by Rundong Smart, (c) 5,855,000 Ordinary Shares and 6,963,414 Options held by Runda; and (d) 25,829,196 Management Subscription Shares held by Mr. Yang, none of the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them owns or has control or discretion over any voting rights or rights over the Shares or convertible securities, options, warrants or derivatives of the Company;
- (v) there is no agreement or arrangement to which the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them is a party which relates to circumstances in which it may or may not invoke or seek to invoke a pre-condition or a condition to the Offer; and
- (vi) none of the Offeror, its ultimate beneficial owner, and/or parties acting in concert with any of them has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company.

SHAREHOLDING STRUCTURE OF THE COMPANY

The table below sets out the shareholding structure of the Company (i) as at the date of this joint announcement; and (ii) immediately after KKR Auto Completion, assuming (a) there are no changes in the number of issued Ordinary Shares; (b) none of the Options are exercised; and (c) none of the Management Subscription Shares are exercised, between the date of this joint announcement and immediately upon Greenland Completion and KKR Auto Completion:

Shareholders	As at the date of this joint announcement				Immediately after KKR Auto Completion				(After full conversion of the CPS)	
	(Before conversion of any CPS)									
	Number of Ordinary Shares	Approximate % voting right	Number of CPS	Approximate %	Number of Ordinary Shares	Approximate % voting rights	Number of CPS	Approximate %	Number of Ordinary Shares	Approximate % voting rights
Rundong Smart	35,984,000	3.8	—	—	35,984,000	3.8	—	—	35,984,000	2.2
Runda	5,855,000	0.6	—	—	5,855,000	0.6	—	—	5,855,000	0.4
The Offeror	567,885,600	60.0	484,401,147	72.9	567,885,600	60.0	652,401,147	98.2	1,220,286,747	75.8
Sub-total of the Offeror and the parties acting in concert with it										
(Note)	609,724,600	64.4	484,401,147	72.9	609,724,600	64.4	652,401,147	98.2	1,262,125,747	78.4
KKR Auto	100,132,400	10.6	179,867,600	27.1	100,132,400	10.6	11,867,600	1.8	112,000,000	7.0
Public Shareholders	236,619,000	25.0	—	—	236,619,000	25.0	—	—	236,619,000	14.7
Total	946,476,000	100	664,268,747	100	946,476,000	100	664,268,747	100	1,610,744,747	100

Note:

As at the date of this joint announcement, the parties acting in concert with the Offeror includes: (1) Rundong Smart; (2) Runda; and (3) Mr. Yang Peng.

Rundong Smart, trustee of the Rundong Wisdom Trust for the benefit of its beneficiaries comprising of Ms. Cao Weining (the sister of Ms. Cao Weijing, who is the wife of Mr. Yang), her parents and children.

Runda, as a trustee of the Pre-IPO Share Option Scheme, are parties acting in concert with the Offeror. Rundong Smart owns 35,984,000 Ordinary Shares, representing approximately 3.8% of the voting rights of the Company and Runda holds (a) 5,855,000 Ordinary Shares, representing approximately 0.6% of the voting rights of the Company, and (b) 6,963,414 Options.

Mr. Yang, who is also a party acting in concert with the Offeror, is interested in 25,829,196 Management Subscription Shares.

OFFEROR'S INTENTION FOR THE GROUP

The Offeror intends that the Shares will remain listed on the Stock Exchange immediately after the completion of the Offer and to continue with the existing principle business of the Group following the close of the Offer.

PROPOSED CHANGE OF BOARD COMPOSITION

The Board currently comprises four executive Directors, namely Mr. Yang, Mr. Liu Dongli, Mr. Zhao Zhongjie and Mr. Liu Jian; four non-executive Directors, namely Mr. Yan Sujian, Mr. Li Wei, Mr. Wu Zhengkui and Mr. Wu Jin; and four independent non-executive Directors, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan.

Subject to Greenland Completion, Greenland has undertaken to procure the resignation of each of Mr. Li Wei and Mr. Wu Zhengkui as a director of the Company and a director of Rundong Automobile Group Co. Ltd. (潤東汽車集團有限公司). Subject to KKR Auto Completion, KKR Auto has undertaken to procure the resignation of Mr. Wu Jin as a director of the Company. Each of such resignations shall take effect on the first closing date of the Offer or from the earliest time permitted under the Takeovers Code, the Listing Rules or other applicable laws.

The new Directors to be nominated by the Offeror to the Board will only take effect from the earliest time permitted under the Takeovers Code. Any changes to the Board will be made in compliance with the Takeovers Code and the Listing Rules and further announcement(s) will be made by the Company as and when appropriate.

MAINTAINING THE LISTING STATUS OF THE COMPANY

The Offeror has no intention to privatize the Company and intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after closing of the Offer and will undertake to the Stock Exchange to take appropriate steps to ensure that sufficient public float as required under the applicable Listing Rules exists in the Shares following the close of the Offer.

The Stock Exchange has stated that if, at the closing of the Offer, less than 25% of the issued Shares are held by the public or if the Stock Exchange believes that: (i) a false market exists or may exist in the trading of the Shares; or (ii) there are insufficient Shares in public hands to maintain an orderly market, then it will consider exercising its discretion to suspend dealings/not to allow resumption in trading (as the case may be) in the Shares until the prescribed level of public float is restored.

INFORMATION ON THE OFFEROR

The Offeror was incorporated in the British Virgin Islands with limited liability and is wholly and beneficially owned by Mr. Yang, who is also the sole director of the Offeror and an executive Director. The Offeror principal business is investment holding.

INFORMATION ON THE GROUP

The Group is principally engaged in the operation of luxury automobile dealership stores and showrooms in China.

GENERAL

Independent Board Committee

The Company has established the Independent Board Committee comprising Mr. Yan Sujian, a non-executive Director, and all independent non-executive Directors, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan, all of whom have no direct or indirect interest in the Offer, to advise the Independent Shareholders in relation to the terms and conditions of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer.

Mr. Li Wei and Mr. Wu Zhengkui are non-executive Directors nominated by Greenland, and Mr. Wu Jin is a non-executive Director nominated by KKR Auto. As each of these non-executive Directors have direct or indirect interest in the Offer, they will not be appointed to be in the Independent Board Committee.

Independent Financial Adviser

The Independent Financial Adviser will be appointed by the Company after approval by the Independent Board Committee to advise the Independent Board Committee in respect of the Offer and in particular as to whether the terms of the Offer are, or are not, fair and reasonable and as to the acceptance of the Offer. Further announcement will be made by the Company regarding the appointment of the Independent Financial Adviser as soon as practicable.

Despatch of the Composite Document

Pursuant to Rule 8.2 of the Takeovers Code, the Offeror is required to despatch the offer document containing the terms of the Offer, together with the forms of acceptance and transfer, to the Shareholders within 21 days of the date of this joint announcement or such later date as the Executive may approve. Pursuant to Rule 8.4 of the Takeovers Code, the Company is required to send the offeree board circular containing, inter alia, financial information of the Group for the three years ended December 31, 2013, 2014 and 2015, a letter of recommendation from the Independent Board Committee to the Independent Shareholders regarding the Offer and a letter of advice from the Independent Financial Adviser to the Independent Board Committee on the fairness and reasonableness of the terms of the Offer and as to the acceptance of the Offer within 14 days after the posting of the offer document or such later date as the Executive may approve. It is the intention of the Offeror and the Company to combine the Offeror's offer document and the Company's offeree board circular into the Composite Document to be despatched within 21 days of the date of this joint announcement.

DEALINGS DISCLOSURE

In accordance with Rule 3.8 of the Takeovers Code, the Company and the Offeror hereby remind their respective associates (including a person who owns or controls 5% or more of any class of relevant securities (as defined under Note 4 to Rule 22 of the Takeovers Code) of the Offeror or the Company) to disclose their dealings in any securities of the Company pursuant to the Takeovers Code. For this purpose, reproduced below is the full text of Note 11 to Rule 22 of the Takeovers Code:

“Responsibility of stockbrokers, banks and other intermediaries

Stockbrokers, banks and others who deal in relevant securities on behalf of clients have a general duty to ensure, so far as they are able, that those clients are aware of the disclosure obligations attaching to associates and other persons under Rule 22 of the Takeovers Code and that those clients are willing to comply with them. Principal traders and dealers who deal directly with investors should, in appropriate cases, likewise draw attention to the relevant rules of the Takeovers Code. However, this does not apply when the total value of dealings (excluding stamp duty and commission) in any relevant security undertaken for a client during any 7-day period is less than HK\$1 million.

This dispensation does not alter the obligation of principals, associates and other persons themselves to initiate disclosure of their own dealings, whatever total value is involved.

Intermediaries are expected to co-operate with the Executive in its dealings enquiries. Therefore, those who deal in relevant securities should appreciate that stockbrokers and other intermediaries will supply the Executive with relevant information as to those dealings, including identities of clients, as part of that co-operation.”

WARNING

The Directors make no recommendation as to the fairness or reasonableness of the Offer or as to the acceptance of the Offer in this joint announcement, and strongly recommend the Independent Shareholders not to form a view on the Offer unless and until they have received and read the Composite Document, including the recommendation of the Independent Board Committee to the Independent Shareholders in respect of the Offer and the letter of advice from the Independent Financial Adviser to the Independent Board Committee.

Shareholders and potential investors are advised to exercise caution when dealing in the Shares, and if they are in any doubt about their position, they should consult their professional advisers.

SUSPENSION OF TRADING AND RESUMPTION OF TRADING

At the request of the Company, trading in the Shares on the Stock Exchange was suspended with effect from 9:00 a.m. on June 27, 2016, pending the publication of this joint announcement. Application has been made by the Company for the resumption of trading in the Shares on the Stock Exchange with effect from 9:00 a.m. on July 4, 2016.

DEFINITIONS

Unless the context otherwise require, the following expressions have the following meanings in this joint announcement:

“acting in concert”	has the meaning ascribed thereto in the Takeovers Code
“associate(s)”	has the meaning ascribed thereto in the Takeovers Code
“Board”	board of Directors of the Company
“Business Day(s)”	a day on which the Stock Exchange is open for the transaction of business
“Closing Date”	means the date to be stated in the Composite Document as the first closing date of the Offer or any subsequent closing date as may be announced by the Offeror and approved by the Executive
“Company”	China Greenland Rundong Auto Group Limited (中國綠地潤東汽車集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 15, 2014, the Ordinary Shares of which are listed on the Stock Exchange
“Composite Document”	the composite offer and response document in respect of the Offer to be jointly despatched by the Offeror and the Company in accordance with the Takeovers Code containing, amongst other things, the detailed terms of the Offer and the information of the Company
“Concert Parties Agreement”	the agreement entered into between the Offeror and Greenland dated May 16, 2015 in respect of their understandings relating to exercising certain of their rights as Shareholders
“CPS”	the convertible preference shares of par value of US\$0.0000005 each in the share capital of the Company
“Director(s)”	the director(s) of the Company
“Eligible Investment Amount”	US\$0.3572 multiplied by the number of Eligible Investor Shares
“Eligible Investor Shares”	the Investor Shares sold after December 31, 2016 by KKR Auto or any of its affiliates to any person who is not an affiliate of KKR Auto
“Executive”	the Executive Director of the Corporate Finance Division of the SFC or any delegates of the Executive Director

“Greenland”	Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司), a company incorporated with limited liability in the British Virgin Islands, the vendor of the Greenland Sale Shares under the Greenland Sale and Purchase Agreement and a controlling Shareholder immediately prior to Greenland Completion
“Greenland Completion”	the completion of the sale and purchase of the Greenland Sale Shares pursuant to the Greenland Sale and Purchase Agreement
“Greenland Sale and Purchase Agreement”	the sale and purchase agreement dated June 26, 2016 entered into between the Offeror (as purchaser) and Greenland (as vendor) in respect of the sale and purchase of the Greenland Sale Shares
“Greenland Sale Share(s)”	comprise 283,942,800 Ordinary Shares and 284,327,947 CPS, legally and beneficially owned by Greenland as at the date of the Greenland Sale and Purchase Agreement and immediately prior to Greenland Completion
“Group”	the Company and its subsidiaries
“GTJA Capital”	Guotai Junan Capital Limited, a licensed corporation under the SFO to conduct Type 6 (advising on corporate finance) of the regulated activity under the SFO
“GTJA Securities”	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO permitted to engage in Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities (as defined under the SFO); and a fellow subsidiary of GTJA Capital
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Dollars” or “HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Board Committee”	the independent committee of the Board comprising Mr. Yan Sujian, a non-executive Director, and all independent non-executive Directors, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan, to advise and give recommendation to Independent Shareholders in respect of the Offer and as to its acceptance
“Independent Financial Adviser”	the independent financial adviser to be appointed by the Company for the purpose of advising the Independent Board Committee in respect of the Offer and as to its acceptance

“Independent Shareholders”	Shareholders other than the Offeror and parties acting in concert with it
“Interest Adjustment”	the interest payable to the Independent Shareholders in the event that an interest is accrued and is payable by the Offeror to KKR Auto pursuant to the KKR Auto Sale and Purchase Agreement
“Interest Calculation”	the interest calculation pursuant to the KKR Auto Sale and Purchase Agreement
“Investor Shares”	the 280,000,000 Shares held by the Investor as of May 18, 2015
“Irrevocable Undertakings”	comprise the KKR Auto Irrevocable Undertaking and Management Subscribers Irrevocable Undertakings
“KKR Auto”	China Auto Retail Holding Ltd II, a company incorporated in the Cayman Islands on September 14, 2010 as an exempted company, previously known as KKR China Auto Retail Holding Ltd II
“KKR Auto Completion”	the completion of the sale and purchase of the KKR Auto Sale Shares pursuant to the KKR Auto Sale and Purchase Agreement
“KKR Auto Irrevocable Undertaking”	the irrevocable undertaking dated July 2, 2016 given by KKR Auto in favor of the Offeror and the Company
“KKR Auto Remaining Shares”	comprise 100,132,400 Ordinary Shares and 11,867,600 CPS owned by KKR Auto
“KKR Auto Sale and Purchase Agreement”	the share purchase agreement dated June 26, 2016 entered into between the Offeror (as purchaser), KKR Auto (as vendor) and Mr. Yang in respect of the sale and purchase of the KKR Auto Sale Shares
“KKR Auto Sale Share(s)”	168,000,000 CPS, legally and beneficially owned by KKR Auto as at the date of the KKR Auto Sale and Purchase Agreement and immediately prior to KKR Auto Completion
“KKR Auto Target Completion Date”	being August 5, 2016
“Last Trading Day”	June 24, 2016, being the last trading day of the Shares prior to the suspension of trading of the Shares on the Stock Exchange at 9:00 a.m. on June 27, 2016
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange

“Loan Facility”	a loan facility of HK\$850,000,000 granted by GTJA Securities to the Offeror pursuant to a facility agreement
“Management Subscriber(s)”	Mr. Yang, Mr. Liu Dongli, Mr. Zhao Zhongjie, Mr. Liu Jian, Mr. Yan Sujian, Mr. Zhou Jian, Mr. Jiang Xiaofei and Mr. Zhao Ruoxu, save for Mr. Zhu Lidong and Mr. Lee Nan Ping, who have resigned and no longer an employee of the Group
“Management Subscribers Irrevocable Undertakings”	the irrevocable undertakings dated June 30, 2016 given by each of the Management Subscribers in favor of the Offeror and the Company
“Management Subscription”	the subscriptions of the Management Subscription Shares by the Management Subscribers pursuant to the Management Subscription Agreements
“Management Subscription Agreement(s)”	the subscription agreements dated May 16, 2015 entered into between the Company and each of the Management Subscribers for the subscription of certain new Ordinary Shares
“Management Subscription Share(s)”	an aggregate of 80,537,237 new Ordinary Shares that the Management Subscribers have agreed to subscribe for pursuant to the Management Subscription Agreements at the price of HK\$2.89 per Share
“Mr. Yang”	Mr. Yang Peng (楊鵬), the Chairman, executive Director, the ultimate beneficial owner of the Offeror and one of the Management Subscribers, who is interested in 283,942,800 Ordinary Shares, 200,073,200 CPS and 25,829,196 Management Subscription Shares
“Offer”	the unconditional mandatory cash offer to be made by Guotai Junan Securities (Hong Kong) Limited for and on behalf of the Offeror for all the issued Ordinary Shares (other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it)
“Offeror”	Rundong Fortune Investment Limited, a company incorporated with limited liability in the British Virgin Islands with limited liability which is ultimately wholly and beneficially owned by Mr. Yang Peng
“Offer Price”	HK\$3.5273, being the price per Offer Share in cash at which the Offer will be made

“Offer Share(s)”	Ordinary Share(s) in respect of which the Offer is made, being issued Ordinary Share(s) other than those already owned or agreed to be acquired by the Offeror and parties acting in concert with it
“Optionholder(s)”	the optionholders who hold Options
“Option(s)”	the options granted by the Company pursuant to the Pre-IPO Share Option Scheme
“Ordinary Sale Share(s)”	an aggregate of 283,942,800 Ordinary Shares acquired by the Offeror from Greenland pursuant to the terms and conditions of the Greenland Sale and Purchase Agreement
“Ordinary Share(s)”	the ordinary shares of par value of US\$0.0000005 each in the share capital of the Company
“Overseas Shareholder(s)”	holder(s) of Share(s) whose addresses, as shown on the register of members of the Company, are outside Hong Kong
“PRC” or “China”	the People’s Republic of China which for the purpose of this joint announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“Pre-IPO Share Option Scheme”	the employee pre-IPO incentive scheme adopted by the Company for the benefit of its employees on September 27, 2011 that became effective on November 15, 2011
“Remuneration Committee”	the remuneration committee of the Board
“Runda”	Runda (PTC) Limited, a private trust Company incorporated under the laws of the British Virgin Islands, which (i) is interested in 5,855,000 Ordinary Shares; and (ii) holds 6,963,414 Options in trust for the grantees as beneficiaries of an employee Pre-IPO trust of the Company (namely, China Auto Retail Holding Group Ltd Option Trust)
“Rundong Holding”	China Rundong Auto Holding Ltd., a company incorporated in the Cayman Islands on September 14, 2010, the then holding company of the Group prior to the listing of the Company
“Rundong Smart”	Rundong Smart Investment Limited, trustee of the Rundong Wisdom Trust for the benefit of its beneficiaries comprising of Ms. Cao Weining (the sister of Ms. Cao Weijing, who is the wife of Mr. Yang), her parents and children, which legally and beneficially owns 35,984,000 Ordinary Shares

“Sale and Purchase Agreements”	the Greenland Sale and Purchase Agreement and the KKR Auto Sale and Purchase Agreement
“Sale Proceeds”	means the aggregate of (i) the total gross proceeds received by KKR Auto from the sale of all of the Eligible Investor Shares and (ii) the total dividends declared and paid and any other distribution made by the Company or China Rundong Auto Holding Ltd., to KKR Auto on all of the Eligible Investor Shares, each, in US\$.
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	shares in the capital of the Company comprising of the Ordinary Shares and the CPS
“Shareholder(s)”	the holder(s) of the issued Share(s)
“Shortfall”	the amount, if any, by which the Target Proceeds exceed the Sale Proceeds
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC as amended from time to time
“Target Proceeds”	two times the Eligible Investment Amount
“US\$”	US dollars, the lawful currency of the United States of America

By the order of the Director
Rundong Fortune Investment Limited
Yang Peng
Director

By the order of the Board
China Greenland Rundong Auto Group Limited
Yang Peng
Chairman

Hong Kong, July 3, 2016

As at the date of this joint announcement, the Directors are: the executive Directors are Mr. Yang Peng, Mr. Liu Dongli, Mr. Zhao Zhongjie and Mr. Liu Jian; the non-executive Directors are Mr. Yan Sujian, Mr. Li Wei, Mr. Wu Zengkui and Mr. Wu Jin; and the independent non-executive Directors are Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan.

The Directors jointly and severally accept full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Offeror) and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this joint announcement (other than those expressed by the

director of the Offeror) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.

As at the date of this joint announcement, the sole director of the Offeror is Mr. Yang Peng.

The sole director of the Offeror accepts full responsibility for the accuracy of the information contained in this joint announcement (other than any information relating to the Group) and confirm, having made all reasonable inquiries, that to the best of his knowledge, opinions expressed in this joint announcement (other than those expressed by the Directors) have been arrived at after due and careful consideration and there are no other facts not contained in this joint announcement the omission of which would make any statement in this joint announcement misleading.