

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.

This announcement appears for information purposes only and does not constitute an invitation or offer to acquire, purchase or subscribe for the securities.



潤東汽車

China Rundong Auto Group Limited

中國潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1365)

- (1) SUBSCRIPTION FOR ORDINARY SHARES AND CPS;**
- (2) SHARE REDESIGNATION CONSTITUTING CONNECTED TRANSACTIONS;**
- (3) MANAGEMENT SUBSCRIPTIONS FOR SHARES CONSTITUTING CONNECTED TRANSACTIONS AND SPECIAL DEAL;**
- (4) AMENDMENT TO ARTICLES;**
- (5) APPLICATION FOR WHITEWASH WAIVER;**
- (6) CHANGE OF NAME; AND**
- (7) RESUMPTION OF TRADING**

THE SUBSCRIPTION

On May 16, 2015, the Company, the Subscriber and Rundong Fortune entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 536,270,747 Subscription Shares, comprising at least 251,942,800 Subscription Ordinary Shares and up to 284,327,947 Subscription CPS at a Subscription Price of HK\$2.89 per Subscription Share or an aggregate Subscription Price of HK\$1,549,822,459. The Subscription Shares represent (a) 26.6% of the voting rights of the Company; or, together with the 32,000,000 Ordinary Shares held by the Subscriber as at the date of this announcement and as a result of the Allocation Adjustment, 30% of the voting rights of the Company upon Completion (assuming no CPS have been converted into Ordinary Shares); and (b) 33.3% of the voting rights of the Company (assuming full conversion of the Subscription CPS and the Redesignated Shares), in each case as enlarged by the Subscription Shares and assuming none of Rundong Fortune and KKR Auto disposes of any Shares before Completion. Upon Completion, the Subscriber will become a Controlling Shareholder of the Company.

The Concert Parties Agreement

In connection with the Subscription, the Subscriber and Rundong Fortune entered into the Concert Parties Agreement on May 16, 2015, pursuant to which the Subscriber and Rundong Fortune agreed to, among others, vote unanimously after Completion in accordance with the consensus achieved between them in respect of any resolutions at general meetings of the Company regarding (a) the election, appointment or removal of the Directors; and (b) matters (i) affecting the inherent and exclusive powers of the Board; or (ii) relating to the ongoing operations of the Group or the debt or equity financing of the Group.

THE REDESIGNATION AGREEMENT AND THE SHARE REDESIGNATION

In connection with the Subscription and in order to facilitate the maintenance of the Public Float Requirement by the Company upon Completion, on May 16, 2015, Rundong Fortune, KKR Auto and the Company entered into the Redesignation Agreement, pursuant to which (a) up to 200,073,200 RF Ordinary Shares, subject to the Redesignation Adjustment, will be redesignated to the same number of RF Redesignated Shares; and (b) up to 179,867,600 KKR Ordinary Shares, subject to the Redesignation Adjustment, will be redesignated to the same number of KKR Redesignated Shares.

MANAGEMENT SUBSCRIPTIONS

On May 16, 2015, the Company entered into a Management Subscription Agreement with each of the Management Subscribers (being certain members of senior management of the Group) and the Connected Management Subscribers (being Directors), pursuant to which the Company conditionally agreed to allot and issue, and the Management Subscribers and Connected Management Subscribers conditionally agreed to subscribe for, a total of 80,537,237 Management Subscription Shares at the price of HK\$2.89 each pursuant to the terms and conditions of the Management Subscription Agreements. The Management Subscriptions constitute a special deal of the Company pursuant to Rule 25 of the Takeovers Code and an application will be made by the Company for the consent of the Executive to the Special Deal (Management Subscriptions).

AMENDMENTS TO ARTICLES

The Company proposes to, subject to the passing of the Share Capital Resolutions, amend the Articles to, among others, create a new class of CPS, adopt the Terms of the CPS and incorporate the mechanisms for redesignating Ordinary Shares into CPS and vice versa.

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber is interested in 32,000,000 Ordinary Shares, representing 3.0% of the issued Ordinary Shares. Upon Completion and assuming none of Rundong Fortune or KKR Auto disposes of any Shares before Completion, the Subscriber will be interested in up to 283,942,800 Ordinary Shares, representing, as a result of the Allocation Adjustment, 30.0% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and become a Controlling Shareholder of the Company. Upon full conversion of the Subscription CPS, the Subscriber will in aggregate be interested in 568,270,747 Ordinary Shares, representing (a) 46.2 % of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and the Conversion Subscription Shares; and (b) 35.3% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and the Conversion Shares.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Ordinary Shares on Completion and/or any conversion(s) of the Subscription CPS. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Code Independent Shareholders at the EGM by way of poll. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approval by the Code Independent Shareholders at the EGM. Each of the Subscriber, KKR Auto and Rundong Fortune was interested in or involved in the Subscription Agreement, the transactions contemplated thereunder and the Whitewash Waiver and will abstain from voting on the relevant resolution(s) to approve the Subscription Agreement, the transactions contemplated thereunder, the Specific Mandate (Subscription Agreement) and the Whitewash Waiver at the EGM.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Pursuant to the Concert Parties Agreement effective upon Completion, Rundong Fortune (and Mr. Yang Peng who is an associate of Rundong Fortune) are parties acting in concert with the Subscriber, and they will, in aggregate, be interested in (a) at least 567,885,600 Ordinary Shares representing, as a result of the Adjustment Allocation, 60.0% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares upon Completion; (b) 852,513,547 Ordinary Shares representing 69.3% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and the Conversion Subscription Shares; (c) 1,052,286,747 Ordinary Shares representing 65.3% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and Conversion Shares; and (d) 1,089,185,598 Ordinary Shares representing 64.4% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares, the Conversion Shares and the Management Subscription Shares.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, (i) Rundong Fortune is a Controlling Shareholder holding 484,016,000 Ordinary Shares, representing 45.1% of the total issued Ordinary Shares; (ii) KKR Auto is a substantial shareholder holding 280,000,000 Ordinary Shares, representing 26.1% of the total issued Ordinary Shares; and (iii) the Connected Management Subscribers are Directors. Hence, Rundong Fortune, KKR Auto and the Connected Management Subscribers are all connected persons of the Company as defined under Rule 14A.07 of the Listing Rules. As such, each of the Share Redesignation and the Management Subscriptions by the Connected Management Subscribers will constitute connected transactions of the Company and is subject to the announcement, circular and LR Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

Following Completion, the Ordinary Shares to be held by each of the Subscriber, Rundong Fortune and KKR Auto would not be counted towards the public float required under the Listing Rules (assuming none of these parties disposes of any Shares before Completion). In order to facilitate the maintenance of the Public Float Requirement by the Company, upon Completion, (a) up to 284,327,947 Subscription CPS, subject to the Allocation Adjustment, will be issued to the Subscriber; and (b) up to 200,073,200 RF Ordinary Shares and 179,867,600 KKR Ordinary Shares, subject to the Redesignation Adjustment, will be redesignated to the same number of RF Redesignated Shares and KKR Redesignated Shares, respectively.

CHANGE OF NAME

The Company proposes to change its English name from "China Rundong Auto Group Limited" to "China Greenland Rundong Auto Group Limited", and to adopt "中國綠地潤東汽車集團有限公司" as its new Chinese name to replace "中國潤東汽車集團有限公司" following Completion.

GENERAL

Code Independent Board Committee, LR Independent Board Committee and Independent Financial Advisor

The Code Independent Board Committee will be formed to advise the Code Independent Shareholders in respect of the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions) after considering the opinion of the independent financial advisor.

The LR Independent Board Committee will be formed to advise the LR Independent Shareholders in respect of the Share Redesignation, the Management Subscriptions by the Connected Management Subscribers and the Specific Mandate (Management Subscription Shares) after considering the opinion of the independent financial advisor.

An independent financial advisor (which will be approved by both the Code Independent Board Committee and the LR Independent Board Committee) will be appointed to advise and make recommendations to (a) the Code Independent Board Committee and the Code Independent Shareholders in respect of the proposed resolutions to approve the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions); and (b) the LR Independent Board Committee and the LR Independent Shareholders in respect of the proposed resolutions to approve the Share Redesignation, the Management Subscriptions by the Connected Management Subscribers and the Specific Mandate (Management Subscription Shares).

EGM

The EGM will be held to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (a) the Subscription Agreement and the transactions contemplated under it; (b) the Whitewash Waiver; (c) the Redesignation Agreement and the Share Redesignation; (d) the Management Subscriptions constituting the Special Deal (Management Subscriptions); (e) the Share Capital Resolutions and the amendments to the Articles; (f) the Specific Mandates; and (g) the Change of Name. Only the Code Independent Shareholders will be eligible to vote on the relevant resolutions relating to the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions). Only the LR Independent Shareholders will be eligible to vote on the relevant resolutions relating to (a) the Redesignation Agreement and the Share Redesignation; (b) the Management Subscriptions; and (c) the Specific Mandate (Management Subscription Shares).

Despatch of Circular

A circular containing, among other things, (a) details of the Subscription, the Whitewash Waiver, the Share Redesignation, the Management Subscriptions constituting the Special Deal (Management Subscriptions), amendments to the Articles, the Specific Mandates and the Change of Name; (b) the recommendations of the Code Independent Board Committee to the Code Independent Shareholders; (c) the recommendations of the LR Independent Board Committee to the LR Independent Shareholders; (d) the letter of advice from the independent financial advisor to the Code Independent Board Committee and the LR Independent Board Committee; and (e) a notice convening the EGM will be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code, is expected to be despatched on or before June 7, 2015.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company on April 17, 2015. At the request of the Company, trading in the Ordinary Shares has been halted from 1:00 p.m. on April 17, 2015 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Ordinary Shares on the Stock Exchange with effect from 9:00 a.m. on May 18, 2015.

Warning: The Subscription is subject to the fulfillment of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the EGM by the Code Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

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

INTRODUCTION

On May 16, 2015, the Company, the Subscriber and Rundong Fortune entered into the Subscription Agreement, pursuant to which the Subscriber has conditionally agreed to subscribe for, and the Company has conditionally agreed to allot and issue, a total of 536,270,747 Subscription Shares, comprising at least 251,942,800 Subscription Ordinary Shares and up to 284,327,947 Subscription CPS at a Subscription Price of HK\$2.89 per Subscription Share or an aggregate Subscription Price of HK\$1,549,822,459.

THE SUBSCRIPTION AGREEMENT

Date : May 16, 2015

Parties : The Company

The Subscriber

Rundong Fortune (as warrantor)

Subscription Shares

The Subscription Shares comprise at least 251,942,800 Subscription Ordinary Shares and up to 284,327,947 Subscription CPS, subject to the Allocation Adjustment.

The Subscription Shares represent (a) 26.6% of the voting rights of the Company; or, together with the 32,000,000 Ordinary Shares held by the Subscriber as at the date of this announcement and as a result of the Allocation Adjustment, 30.0% of the voting rights of the Company upon Completion (assuming no CPS have been converted into Ordinary Shares); and (b) 33.3% of the voting rights of the Company (assuming full conversion of the Subscription CPS and the Redesignated Shares), in each case as enlarged by the Subscription Shares and assuming none of Rundong Fortune and KKR Auto disposes of any Shares before Completion.

Subscription Price

The Subscription Price of HK\$2.89 per Subscription Share represents:

- (a) a discount of approximately 15% to the last trading price (before suspension) of HK\$3.40 per Ordinary Share as quoted on the Main Board of the Stock Exchange on the Last Trading Day;
- (b) a discount of approximately 13.73% to the average closing price of approximately HK\$3.35 per Ordinary Share for the last five consecutive trading days up to and including the Last Trading Day;
- (c) a discount of approximately 14.24% to the average closing price of approximately HK\$3.37 per Ordinary Share for the last ten consecutive trading days up to and including the Last Trading Day;
- (d) a discount of approximately 14.24% to the average closing price of approximately HK\$3.37 per Ordinary Share for the last thirty consecutive trading days up to and including the Last Trading Day; and
- (e) a premium of approximately 42.72% over the net asset value per Ordinary Share of approximately RMB1.62 (equivalent to approximately HK\$2.025) per Ordinary Share as at December 31, 2014 based on the Company's annual report for the financial year ended December 31, 2014 and the number of Ordinary Shares in issue as at the date of this announcement.

The aggregate Subscription Price amounts to HK\$1,549,822,459, which shall be payable in cash at Completion. The Subscription Price was arrived at after arm's-length negotiations between the Company and the Subscriber after taking into account the prevailing market price of the Ordinary Shares and the net asset value of the Group as at December 31, 2014.

Allocation Adjustment

Under the terms of the Subscription Agreement, the allocation of the 536,270,747 Subscription Shares between the minimum number of 251,942,800 Subscription Ordinary Shares and the maximum number of 284,327,947 Subscription CPS to be allotted and issued to the Subscriber upon Completion is subject to adjustment based on (a) the maintenance of the Public Float Requirement by the Company upon Completion and/or Rundong Fortune's compliance with Rule 10.07(1)(b) of the Listing Rules; (b) each of the Subscriber and Rundong Fortune holding 30.0% voting rights of the Company upon Completion; and (c) the number of Ordinary Shares to be held by Rundong Fortune and KKR Auto, after taking into account the Redesignation Adjustment, upon Completion.

Conditions of the Subscription

Completion is conditional upon satisfaction of the following conditions:

- (a) the passing of resolutions by the Code Independent Shareholders in general meeting in accordance with the relevant provisions of the Articles, the Listing Rules and Takeovers Code approving, among others:
 - i. the Subscription;
 - ii. the Specific Mandate (Subscription Agreement); and
 - iii. the Whitewash Waiver;
- (b) the passing of resolutions by the LR Independent Shareholders in general meeting in accordance with the relevant provisions of the Articles and the Listing Rules approving the Share Redesignation;
- (c) the passing of resolutions by the Shareholders in general meeting in accordance with the relevant provisions of the Articles and the Listing Rules approving the Share Capital Resolutions and the adoption of the amended Articles;
- (d) the Listing Committee of the Stock Exchange having granted the listing of and the permission to deal in the Subscription Ordinary Shares and the Conversion Subscription Shares and such approval and granting of permission not having been withdrawn or revoked;
- (e) the granting of the Whitewash Waiver by the Executive (and such grant not having been withdrawn or revoked) and any conditions attached to such grant having been and remained fulfilled; and
- (f) the unconditional approval of the MOFCOM under the anti-monopoly law of the PRC or any official clarifications, guidance, interpretations or implementation rules in connection with or relation to such law for the consummation of the transactions contemplated by the Subscription Agreement having been obtained, and such approval having remained in full force and effect.

None of the above conditions can be waived. If the above conditions are not satisfied, before twelve months from the date of the Subscription Agreement, then the Subscription Agreement shall terminate with immediate effect and none of the parties thereto will have any claim against the other in respect of any matter arising out of or in connection with the Subscription Agreement, except for any antecedent breach of any obligations under the Subscription Agreement.

Completion

Subject to fulfillment of the conditions precedent of the Subscription and simultaneous completion of the Redesignation Agreement (if applicable), Completion shall take place on the fifth Business Day from and excluding the day on which the last of the aforesaid conditions precedent has been fulfilled. At Completion, among other things, (a) the

Subscriber shall subscribe for, and the Company shall allot and issue to the Subscriber the Subscription Shares as fully paid; and (b) the Post-IPO Share Option Scheme shall be terminated with immediate effect.

Termination of the Subscription Agreement

The Subscription Agreement may be terminated before Completion by the Subscriber if there occurs:

- (a) any material adverse effect on the business, operations or financial conditions of the Group or on the ability of the Company to perform its obligations under the Subscription Agreement (other than any such effect attributable to a deterioration in the general economic conditions, conditions affecting the industry in which the Group belongs generally or conditions not specifically relating to the Group);
- (b) any material breach of the warranties by the Company or Rundong Fortune under the Subscription Agreement; or
- (c) any material breach by the Company or Rundong Fortune of their respective obligations under the Subscription Agreement.

Principal Terms of the CPS

A summary of the principal terms of the CPS, including the Subscription CPS and the Redesignated Shares, is set out below:

- Par value : US\$0.0000005
- Conversion period : Any time after issue, provided that the conversion right will be suspended to the extent that it would result in the Company failing to comply with the Public Float Requirement.
- Conversion ratio : Each CPS (at the option of its holder) will be convertible at any time (and without payment of any additional consideration) by way of redesignation to Ordinary Shares on a one to one basis.
- Dividends : (a) each CPS will confer on its holder the right to receive dividend *pari passu* with holders of Ordinary Shares on the basis of the number of Ordinary Share into which each CPS may be converted and on an as converted basis; and (b) so long as any holder of CPS remains as a holder of any CPS throughout a complete financial year, each of such CPS shall confer on its holder the right to receive, out of the funds of the Company lawfully available for distribution, a dividend equal to the par value of the CPS, provided that any dividend otherwise declared or distributed by the Company to each member during the aforesaid financial year shall be counted towards the dividend payable in accordance with this part (b) (the “**Dividend Preference**”).

- Distribution of assets : On a distribution of assets on liquidation, winding up or a dissolution of the Company, the assets and funds of the Company available for distribution: (a) will first be paid to the holders of the CPS *pari passu* among themselves in respect of the aggregate nominal amounts paid up on the CPS held by them respectively; and (b) the remaining assets will be distributed *pari passu* to the holders of any class of Shares (including the CPS) (the “**Liquidation Preference**”).
- Voting : Holders of the CPS will not have the right to attend and vote at any general meeting of the Company (except for the winding-up of the Company or for any resolution to vary or abrogate the rights or privileges of holders of the CPS or vary the restrictions to which the CPS are subject).
- Transferability : The CPS will be transferable without any restriction by holders of the CPS.
- Redemption : The CPS will be non-redeemable.
- Conversion restrictions : For so long as KKR Auto and/or its affiliates hold any Ordinary Shares or CPS representing 10% or more of the issued share capital of the Company on a fully diluted basis from time to time, each of the Subscriber and Rundong Fortune shall not convert or permit to be converted any CPS into Ordinary Shares without the prior approval of KKR Auto, provided that to the extent the Public Float Requirement would be maintained by the Company and Rule 10.07(1)(b) of the Listing Rules would be complied with by Rundong Fortune following any conversion, each of the Subscriber and Rundong Fortune shall be entitled to convert such number of their respective CPS into Ordinary Shares such that each of them will hold 30.0% of the voting rights of the Company after such conversions by the Subscriber and Rundong Fortune. KKR Auto shall then be entitled to convert up to such number of its CPS into Ordinary Shares available after such conversions by the Subscriber and/or Rundong Fortune while the Public Float Requirement is maintained.

Ranking of the Subscription Shares

The Subscription Ordinary Shares, when issued, and the Conversion Subscription Shares, when converted, will rank *pari passu* in all respects with the Ordinary Shares in issue as at the date of the allotment and issue of the Subscription Ordinary Shares and the conversion to the Conversion Subscription Shares, respectively.

As at the date of this announcement, there is no CPS in issue. The Subscription CPS will, when issued, rank *pari passu* in all respects with the other CPS (including the rights to all dividends and other distributions declared, made or paid at any time after the date of

allotment). The Subscription CPS, when issued, will (a) enjoy the Dividend Preference and the Liquidation Preference; (b) not have a right to vote (except in limited circumstances), the detailed terms of the CPS are set out in the section headed “*Principal Terms of the CPS*” of this announcement above; and (c) otherwise rank *pari passu* in all respects with the Ordinary Shares in issue or to be issued by the Company.

Specific Mandate (Subscription Agreement)

The Subscription Ordinary Shares and the Subscription CPS will be allotted and issued pursuant to the Specific Mandate (Subscription Agreement) to be sought from the Code Independent Shareholders at the EGM. Each of the Subscriber, KKR Auto and Rundong Fortune is interested or involved in (as the case may be) the Subscription Agreement, the transactions contemplated thereunder and the Whitewash Waiver and will abstain from voting on the relevant resolution to approve the Specific Mandate (Subscription Agreement) at the EGM.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Subscription Ordinary Shares and the Conversion Subscription Shares. No application will be made for the listing of, or permission to deal in, the Subscription CPS on the Main Board of the Stock Exchange or any other stock exchange.

Lock-up Undertakings

Pursuant to a lock-up undertaking by the Subscriber to the Company under the Subscription Agreement, all the Ordinary Shares or CPS held by the Subscriber shall be subject to a lock-up period ending on the date which is twelve months from the date of Completion.

The Concert Parties Agreement

On May 16, 2015, the Subscriber and Rundong Fortune entered into the Concert Parties Agreement, pursuant to which the Subscriber and Rundong Fortune agreed to, among others, vote unanimously after Completion in accordance with the consensus achieved between them in respect of any resolutions at general meetings of the Company regarding (a) the election, appointment or removal of the Directors; and (b) matters (i) affecting the inherent and exclusive powers of the Board; or (ii) relating to the ongoing operations of the Group or the debt or equity financing of the Group. If the Subscriber and Rundong Fortune fail to reach a consensus on voting on the above matters, (A) the decision of the Subscriber in relation to the election, appointment or removal of seven Directors (including two INEDs) and the decision of Rundong Fortune in relation to the election, appointment or removal of five Directors (including two INEDs); and (B) the decision of the Subscriber in relation to voting on resolutions which (i) may affect the inherent and exclusive powers of the Board; or (ii) relate to the ongoing operations of the Group or the debt or equity financing of the Group (subject to certain exceptions under which the consent of Rundong Fortune is required), shall be deemed to be the consensus reached between them. Under the terms of the Concert Parties Agreement, the Subscriber is entitled to nominate (I) a Director to be appointed as the chairman of the Board, and the Subscriber has agreed to nominate Mr. Yang Peng to

continue to act as the chairman of the Board after Completion; and (II) two individuals to be appointed as the Vice President and Vice General Manager of the Financial Management Department of the Group, respectively, in accordance with the Articles.

Therefore, after Completion, (a) the Subscriber will become a Controlling Shareholder; (b) the Subscriber, Rundong Fortune and Mr. Yang Peng will be parties acting in concert as defined under the Takeovers Code; and (c) each of Rundong Fortune and Mr. Yang Peng will continue to be a Controlling Shareholder as defined under the Listing Rules. Further details of the shareholding interests of the Subscriber and Rundong Fortune in the Company are set out in the section headed “*Implications Under Takeovers Code*” of this announcement. The Concert Parties Agreement will become effective upon Completion.

The Concert Parties Agreement will be terminated upon the earlier of (a)(i) the Subscriber or Rundong Fortune and their respective affiliates ceasing to hold or beneficially own at least 15% of the issued share capital of the Company from time to time; and (ii) the Subscriber and its affiliates ceasing to hold or beneficially own at least two-thirds of the amount of issued share capital of the Company held by Rundong Fortune and its affiliates from time to time; (b) termination of the Subscription Agreement; or (c) its termination by the Subscriber and Rundong Fortune.

FUTURE INTENTIONS OF THE SUBSCRIBER REGARDING THE GROUP

Upon Completion, the Subscriber will become a Controlling Shareholder of the Company. Under the Subscription Agreement, the Subscriber has undertaken to the Company that, as long as (i) the Concert Parties Agreement remains in full force in accordance with its terms; and (ii) the Subscriber is a Controlling Shareholder:

- (1) the Subscriber will support and procure that Greenland supports, the development of the Company to become the leading automobile dealership enterprise in the PRC by way of the following:
 - (a) introducing upstream and downstream strategic partners to the Group;
 - (b) providing or facilitating low-cost financing arrangements, guarantees, loans, line of credits or other financing measures to strengthen the credit of the Group and assisting the Group to broaden its financing channels, each in accordance with the policy of the Subscriber and Greenland; and
 - (c) facilitating any business units within the group of companies of Greenland that have operational synergies with the Group to jointly develop operational strategies with the Group in order to achieve the effect of the synergy;
- (2) the Company will be the only listed vehicle within the group of companies of Greenland that operates the business of automobile dealership and provision of automobile related after-sales and value-added services during the three-year period after the date of Completion which period can be extended by mutual agreement after negotiation between the Subscriber and the Company; and

- (3) provided that the management team of the Group has substantially achieved the performance target set by the Board, the Subscriber will maintain the stability of the management team and the overall operation of the Group for a period of 48-months after Completion.

With the interest of the Subscriber in the Group and the support of Greenland to the Group after Completion, the Group will not only be able to enhance its financing capacity in the short term but also optimise its debt structure and improve its risk-resisting ability. In the long term, the Company will be able to enjoy the strong support from Greenland, including but not limited to credit guarantees, strategic alignment and sharing of customer base, creating room for the Group's development. With the capital and other resources that the Subscriber and Greenland will bring to the Group, the Group will achieve greater scale of development from applying strategic synergy of resources, enabling the Group to develop innovative business while expanding and upgrading its current business with a goal to become China's leading integrated service provider of luxury automobiles.

Furthermore, the cross-industry cooperation between the Subscriber and Greenland and the Group will lead to sharing of customer resource and create mutual benefits in terms of sales and marketing, because the Group will be able to expand its automobile sales and services in the larger customer base of Greenland while Greenland can introduce the Group's luxury automobile customers to Greenland's real estate, consumer finance and luxury products markets. Greenland and the Group will also jointly develop a new area of business in the internet arena and community services, such as (a) the provision of electric vehicle charging piles in commercial buildings and local communities; and (b) speedy automobile repair, maintenance and insurance in the local communities. The Group, the Subscriber and Greenland also envisage cooperation in the financial sector, especially in the areas of automobile financing and car leasing financial services. The Group believes that in the foreseeable future, such cross-industry cooperation between the Group and the group of companies of Greenland and the complementary use of each other's strengths and resources will become a new model and development trend in the automobile dealership and service industries.

USE OF PROCEEDS

The estimated net proceeds from the issue of the Subscription Shares to the Subscriber, after deduction of expenses, are approximately HK\$1,539,822,459.

The net proceeds are intended to be used as follows:

- (a) approximately 60.0%, or HK\$923,893,475 for financing new projects for potential operations in related new business segments to be identified, such that the Group would, while expanding its operational scale, achieve transformation to a higher tier in the industry and strengthen its competitiveness and profitability;
- (b) approximately 30.0%, or HK\$461,946,738 for improving the capital structure of the Group; and
- (c) approximately 10.0%, or HK\$153,982,246 for working capital of the Group and other general corporate purposes.

REASONS FOR AND BENEFITS OF THE SUBSCRIPTION

The Company believes that the Subscription will strengthen the financial position of the Group, raise the profile of the Group in China, and allow the Group to benefit from the strong support and resources of the Subscriber and its parent company, Greenland, including but not limited to its network of both upstream and downstream suppliers and customers. The Subscription will also lead to an industrial synergistic effect between the Group and the Subscriber's affiliated group of companies with potential cooperation opportunities in areas related to the business of the Group, such as expansion of the network of (a) express automobile repair and maintenance service centers across neighborhood districts; and (b) electrical charging facilities for electric vehicles.

With the benefit of the resources of the Subscriber and Greenland, the Group will be able to accelerate its growth by (a) developing in the new energy vehicle, electric car and hybrid automobile markets; (b) promoting its automobile financing and financial leasing business; (c) penetrating in the internet vehicle sales market; and (d) developing cross-sector cooperation by establishing local community vehicle service platforms through the internet, with the goal of becoming the top-tier automobile dealership and related after-sales service provider in China.

The Board (excluding (a) Mr. Yang Peng, Mr. Liu Haifeng David and Mr. Zhao Fu who abstained from voting on the relevant Board resolution(s) approving the Subscription due to their respective interest or involvement in the transactions contemplated in the Subscription Agreement; and (b) the INEDs who will express their opinion after considering the advice of the independent financial advisor) considers that the terms of the Subscription Agreement are fair and reasonable, on normal commercial terms and in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

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

INFORMATION ON THE SUBSCRIBER AND GREENLAND

The Subscriber, an investment holding company incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Greenland.

Greenland is a group with diversified shareholdings (including shareholdings by Shanghai Gelinlan Investments (Limited Partnership) (上海格林蘭投資企業(有限合夥)), a holding entity on behalf of the employees of the group, being the single largest shareholder with shareholding interest of 29.1%). Greenland is a Global Fortune 500 company headquartered in Shanghai, PRC and is a conglomerate whose main business includes real estate development, energy, finance and other businesses. As a leading real estate developer in the PRC, Greenland operates real estate projects in over 80 cities across 29 provinces in the PRC. Greenland is a mixed-ownership enterprise with no actual controller. Greenland also operates and owns a branded automobile dealership business, including the provision of pre-sale and aftersales services operated under the 5S and 4S models with 15 automobile brands and business presence in, among other cities in the PRC, Shanghai, Jiangsu Taicang, Jiangsu Wuxi, Zhejiang Huzhou, Jiangxi Nanchang, Heilongjiang Mudanjiang and Hubei Wuhan.

DEALING AND INTEREST OF THE SUBSCRIBER AND PARTIES ACTING IN CONCERT WITH IT IN THE SECURITIES OF THE COMPANY

As at the date of this announcement, save for (a) the 32,000,000 Ordinary Shares beneficially owned by the Subscriber and the proposed Subscription Shares; and (b) the 484,016,000 Ordinary Shares held by Rundong Fortune, each of the Subscriber, Rundong Fortune and Mr. Yang Peng has confirmed that, neither itself/himself nor any parties acting in concert with it/him:

- (a) owns, controls or has direction over any outstanding options, warrants, or any securities that are convertible into Ordinary Shares or any derivatives in respect of securities in the Company, or hold any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (b) has received an irrevocable commitment to vote for the Subscription; the Whitewash Waiver and/or the Special Deal (Management Subscriptions);
- (c) has borrowed or lent any relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) in the Company;
- (d) has any arrangement referred to in Note 8 to Rule 22 of the Takeovers Code (whether by way of option, indemnity or otherwise) in relation to the relevant securities (as defined in Note 4 to Rule 22 of the Takeovers Code) of the Company or the Subscriber, which might be material to the Subscription, the Whitewash Waiver and/or the Special Deal (Management Subscriptions), with any other persons;
- (e) has any agreement or arrangement to which it/he is a party which relates to the circumstances in which it/he may or may not invoke or seek to invoke a pre-condition or a condition to the Subscription and/or the Whitewash Waiver; or
- (f) had dealt in any Ordinary Shares, outstanding options, derivatives, warrants or other securities convertible or exchangeable into Ordinary Shares, during the six months prior to and including the date of this announcement.

Each of the Subscriber, Rundong Fortune and Mr. Yang Peng undertakes that it/he and parties in acting concert with it/him will not acquire or dispose of any Shares or voting rights in the Company after the date of this announcement and before Completion except as pursuant to the transactions contemplated under the Subscription Agreement.

THE REDESIGNATION AGREEMENT

In connection with the Subscription and in order to facilitate the maintenance of the Public Float Requirement by the Company upon Completion, on May 16, 2015, Rundong Fortune, KKR Auto and the Company entered into the Redesignation Agreement, pursuant to which (a) up to 200,073,200 RF Ordinary Shares, subject to the Redesignation Adjustment, will be redesignated into the same number of RF Redesignated Shares; and (b) up to 179,867,600 KKR Ordinary Shares, subject to the Redesignation Adjustment, will be redesignated into the same number of KKR Redesignated Shares upon Completion. The terms of Redesignated Shares are set out in the section “*Principal Terms of the CPS*” of this announcement.

Completion of the Share Redesignation under the Share Redesignation Agreement is subject to (a) passing of resolutions by the LR Independent Shareholders at the EGM approving the Redesignation Agreement and the Share Redesignation in accordance with the Terms of the CPS, the Articles and the Listing Rules; and (b) simultaneous Completion of the Subscription Agreement.

Redesignation Adjustment

Pursuant to the terms of the Redesignation Agreement, the maximum number of 179,867,600 KKR Ordinary Shares and 200,073,200 RF Ordinary Shares to be redesignated into CPS under the Share Redesignation are subject to downward adjustment after taking into account (a) each of the Subscriber and Rundong Fortune holding 30.0% voting rights of the Company upon Completion; (b) the Subscription Ordinary Shares to be allotted and issued under the Subscription upon Completion after taking into account the Allocation Adjustment; and (c) the residual number of Ordinary Shares that are not required to be held by the public (as defined under the Listing Rules) in accordance with the Public Float Requirements upon Completion.

As at the date of this announcement, Rundong Fortune and KKR Auto hold 484,016,000 and 280,000,000 Ordinary Shares, representing 45.1% and 26.1% of the total issued Ordinary Shares, respectively. Assuming no other Ordinary Shares will be issued from the date of this announcement up to the following relevant event, Rundong Fortune and KKR Auto will hold:

- (a) before conversions of the Subscription CPS and Redesignated Shares, (i) at least 283,942,800 and 100,132,400 Ordinary Shares upon Completion, representing 30.0% and at least 10.6% of the total issued Ordinary Shares as enlarged by the Subscription Ordinary Shares; and (ii) up to 200,073,200 and 179,867,600 CPS, respectively; and
- (b) after full conversion of the Redesignated Shares and Subscription CPS, 484,016,000 and 280,000,000 Ordinary Shares, representing 30.0% and 17.4% of the total issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and Conversion Shares, respectively.

The Board (excluding (a) Mr. Yang Peng, Mr. Liu Haifeng David and Mr. Zhao Fu who abstained from voting on the relevant Board resolution(s) approving the Redesignation Agreement and the Share Redesignation due to their respective interest or involvement in the transactions contemplated thereunder; and (b) the INEDs who will express their opinion after considering the advice of the independent financial advisor) considers that the Share Redesignation is fair and reasonable and in the interests of the Shareholders as a whole.

The Redesignated Shares

Upon completion of the Share Redesignation, each of Rundong Fortune and KKR Auto will become a holder of the Redesignated Shares, being CPS. The Company has been informed by each of Rundong Fortune and KKR Auto respectively that:

- (a) any amount received by it after Completion arising from the Liquidation Preference attached to its CPS; and
- (b) any amount of dividends received by it after Completion arising from the Dividend Preference attached to its CPS based on the par value of the CPS,

would be disposed of, at its discretions, by way of a voluntary contribution to the capital of the Company or a donation to a charitable institution or trust of a public character in Hong Kong.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Conversion Redesignated Shares.

MANAGEMENT SUBSCRIPTIONS

On May 16, 2015, the Company entered into a Management Subscription Agreement with each of the Management Subscribers (being certain members of senior management of the Group) and the Connected Management Subscribers (being Directors), pursuant to which the Company conditionally agreed to allot and issue and the Management Subscribers and Connected Management Subscribers conditionally agreed to subscribe for, a total of 80,537,237 Management Subscription Shares at the price of HK\$2.89 each pursuant to the terms and conditions of the Management Subscription Agreements.

Management Subscription Shares

The 80,537,237 Management Subscription Shares represent (a) 7.5% of the issued Ordinary Shares as at the date of this announcement; and (b) 4.8% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares, the Conversion Shares and the Management Subscription Shares.

The Management Subscription Shares will be allotted and issued to the following persons in the respective number specified:

Connected Management Subscribers	Number of Management Subscription Shares
Mr. Yang Peng (Director):	36,898,851
Mr. Liu Dongli (Director):	7,737,800
Mr. Zhao Zhongjie (Director):	7,737,800
Mr. Liu Jian (Director):	4,855,600
Mr. Yan Sujian (Director):	4,418,186
Management Subscribers	Number of Management Subscription Shares
Mr. Zhu Lidong:	3,477,800
Mr. Jiang Xiaofei:	3,077,800
Mr. Zhao Ruoxu	4,077,800
Mr. Zhou Jian:	4,777,800
Mr. Lee Nan-Ping:	<u>3,477,800</u>
Total:	<u><u>80,537,237</u></u>

Management Subscription Price

The Management Subscription Price of HK\$2.89 per Management Subscription Share is the same as the Subscription Price and was determined after arm's length negotiations between the Company, the Management Subscribers and the Connected Management Subscribers taking into account the Subscription Price.

Conditions precedent to the Management Subscription Agreements

Completion of the transactions contemplated under each of the Management Subscription Agreements is conditional upon, among other things, the fulfillment of the following conditions (the "**Management Subscription Conditions**"):

- (a) the Executive having granted its consent to the Special Deal (Management Subscriptions) conditional upon, among other things, (i) the approval of the Code Independent Shareholders for the Special Deal (Management Subscriptions); and (ii) the independent financial advisor to the Code Independent Board Committee publicly stating its opinion that the terms of the Special Deal (Management Subscriptions) are fair and reasonable;

- (b) the Company having obtained approval from the Code Independent Shareholders and the LR Independent Shareholders of the Management Subscriptions, the Specific Mandate (Management Subscription Shares) and the Special Deal (Management Subscriptions) in accordance with the Takeovers Code, the Listing Rules and the Articles;
- (c) the Listing Committee having granted the listing of and permission to deal in the Management Subscription Shares; and
- (d) Completion of the Subscription Agreement.

Completion of the Management Subscription Agreements

Subject to fulfillment of the Management Subscription Conditions, completion of the Management Subscriptions with respect to each of the Management Subscribers and Connected Management Subscribers will take place in four installments (the “**Installment Completion**”) in the following manner:

Time of Installment Completion	Percentage of the aggregate number of Management Subscription Shares agreed to be issued to the relevant subscriber (%)
First anniversary of the date of completion of the Subscription Agreement	30
Second anniversary of the date of completion of the Subscription Agreement	30
Third anniversary of the date of completion of the Subscription Agreement	20
Fourth anniversary of the date of completion of the Subscription Agreement	20

In addition to the Management Subscription Conditions, each Installment Completion with respect to each of the Management Subscribers and Connected Management Subscribers is also conditional upon the fulfillment of the following conditions (the “**Installment Completion Conditions**”):

- (a) the revenue and net profit of the Group for the financial year immediately preceding each Installment Completion are not less than the revenue and net profit of the Group for the financial year ended December 31, 2014, respectively;

- (b) the relevant Management Subscriber or Connected Management Subscriber having achieved the performance target for the relevant financial year of the Company set by the Board specifically with respect to such subscriber (the “**Relevant Performance Target**”), subject to the following adjustments:
- i. if the relevant Management Subscriber or Connected Management Subscriber achieves 70% of his Relevant Performance Target before the relevant Installment Completion, the number of Management Subscription Shares that he is entitled to subscribe for at such Installment Completion shall be 70%;
 - ii. if the relevant Management Subscriber or Connected Management Subscriber achieves between 70% to 100% of his Relevant Performance Target before the relevant Installment Completion, the number of Management Subscription Shares that he is entitled to subscribe for at such Installment Completion shall be adjusted proportionally (up to 100%); and
 - iii. if the relevant Management Subscriber or Connected Management Subscriber achieves below 70% of his Relevant Performance Target, the Management Subscription Shares that he is entitled to subscribe for at such Installment Completion shall be cancelled;
- (c) the relevant Management Subscriber or Connected Management Subscriber having remained as an employee of the Group; and
- (d) compliance with the Public Float Requirement by the Company and the voting rights of Rundong Fortune in the Company not falling from above 30% to below 30% at the relevant Installment Completion; otherwise the relevant Installment Completion will need to be postponed until these two conditions can be met.

Under the terms of the Management Subscription Agreement between Mr. Yang Peng and the Company only, each Installment Completion of the Management Subscription is also conditional upon Rundong Fortune and Mr. Yang Peng or parties acting in concert with any of them not being obliged to make a mandatory general offer for securities of the Company in accordance with the Takeovers Code as a result of each Installment Completion with respect to the Management Subscription Shares to be allotted and issued to Mr. Yang Peng.

None of the Management Subscription Conditions and the Installment Completion Conditions can be waived.

Termination of the Management Subscription Agreement

Each Management Subscription Agreement shall be terminated, among other grounds, (a) upon mutual termination by the parties to the agreement; or (b) if the Management Subscription Conditions have not been satisfied within 12 months from the date of the relevant Management Subscription Agreement.

Information on the Management Subscribers and Connected Management Subscribers

The details of the respective interests of the Management Subscribers and Connected Management Subscribers in the Company as at the date of this announcement are set out below:

Name of subscriber	Nature of interest	Number of Ordinary Shares	Approximate % of shareholding interest in the Company
Connected Management Subscribers			
Mr. Yang Peng ^(Note 1)	Interest in controlled corporation	484,016,000	45.05
Mr. Liu Dongli ^(Note 2)	Beneficiary of a trust	1,182,908	0.11
Mr. Zhao Zhongjie ^(Note 2)	Beneficiary of a trust	1,429,078	0.13
Mr. Liu Jian ^(Note 2)	Beneficiary of a trust	872,494	0.08
Mr. Yan Sujian ^(Note 2)	Beneficiary of a trust	1,182,908	0.11
Management Subscribers			
Mr. Zhu Lidong ^(Note 2)	Beneficiary of a trust	238,169	0.022%
Mr. Zhou Jian ^(Note 2)	Beneficiary of a trust	47,634	0.0044%
Mr. Jiang Xiaofei ^(Note 2)	Beneficiary of a trust	238,169	0.022%
Mr. Zhao Ruoxu ^(Note 2)	Beneficiary of a trust	123,848	0.012%

Notes:

1. Mr. Yang Peng, as the protector of the Run Feng Family Trust (the “**Family Trust**”) with power to appoint and remove the trustee of the Family Trust is deemed to be interested in the Ordinary Shares held by Rundong Fortune (as trustee of the Family Trust).
2. The Ordinary Shares were held by Runda, which is the trustee of China Auto Retail Holding Group Ltd Option Trust, under which the Management Subscribers (other than Mr. Lee Nan-Ping) and Connected Management Subscribers (other than Mr. Yang Peng) are eligible beneficiaries.

Specific Mandate (Management Subscription Shares)

The Management Subscription Shares will be allotted and issued pursuant to the Specific Mandate (Management Subscription Shares) to be sought from the LR Independent Shareholders at the EGM. As the allotment and issue of the Management Subscription Shares to the Connected Management Subscribers constitutes a connected transaction under Chapter 14A of the Listing Rules, Rundong Fortune, being an associate of Mr. Yang Peng,

and Runda (which hold Shares in trust for the Connected Management Subscribers (other than Mr. Yang Peng) and the Management Subscribers (other than Mr. Lee Nan-Ping)) will abstain from voting on the Specific Mandate (Management Subscription Shares) at the EGM.

Application for listing

An application will be made to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Management Subscription Shares.

Reasons for the Management Subscriptions and the use of proceeds

Human resource is considered to be critical to the future development of the Group. The purpose of the proposed Management Subscriptions is to provide incentives to the Directors and the senior management of the Group who are regarded as valuable human resource of the Group to continuously drive the growth of the Group's businesses after Completion. Furthermore, as a talent retention measure, the Board (except the Connected Management Subscribers who abstained from voting on the relevant Board resolutions approving the Management Subscriptions due to their interests in the transactions contemplated thereunder as Directors) considers that the Management Subscriptions will provide the Directors and the senior management of the Group with the opportunity of participating in the growth of the Group so as to align their interests with the Company and the Shareholders.

The net proceeds to be received from the Management Subscriptions is estimated to be approximately HK\$232.7 million and the Company intends to use the proceeds primarily for the general working capital of the Group.

Connected Transaction and Special Deal

The Management Subscriptions are connected transactions of the Company under the Listing Rules and are subject to the approval of the LR Independent Shareholders by way of poll at the EGM. Further details of the implications under the Listing Rules are set out in the section headed "*Implications under the Listing Rules*" of this announcement.

The Management Subscriptions also constitute a special deal of the Company under Rule 25 of the Takeovers Code and are subject to the consent of the Executive, the opinion of the independent financial advisor and the approval of the Code Independent Shareholders by way of poll at the EGM. Further details of the implications under the Takeovers are set out in the section headed "*Implications under the Takeovers Code*" of this announcement.

Completion of the Management Subscription Agreements and the Management Subscriptions are subject to the fulfillment of the conditions precedent in the Management Subscription Agreements. As the Management Subscriptions may or may not proceed, Shareholders and potential investors are advised to exercise caution when dealing in the Shares.

AMENDMENTS OF ARTICLES

In connection with the Subscription and the Share Redesignation, a new class of CPS in the capital of the Company will be created, subject to passing of the Share Capital Resolutions. The Company proposes to amend the Articles to create a new class of CPS, adopt the Terms

of the CPS and incorporate the mechanisms for redesignating Ordinary Shares into CPS and vice versa. Further information on the amendments to the Articles will be contained in the circular to be despatched to the Shareholders.

The amendments to the Articles are conditional upon, among others, the passing of the Share Capital Resolutions at the EGM.

EFFECT ON SHAREHOLDING STRUCTURE

As the date of this announcement, save for the options granted under a share option scheme adopted by the Group on September 27, 2011 under which 6,012,474 share options remain outstanding, the Company has no outstanding convertible securities, options, warrants or derivatives in issue which are convertible or exchangeable into Ordinary Shares. The Company has not granted any options under the Post-IPO Share Option Scheme.

The table below sets out the shareholding structure of the Company assuming (a) none of Rundong Fortune or KKR Auto disposes of any Shares before Completion; and (b) there is no other change in the number of issued Ordinary Shares between the date of this announcement and immediately upon (i) allotment and issue of the Subscription Ordinary Shares and full conversion of the Subscription CPS but before any Share Redesignation; (ii) Completion and completion of the Share Redesignation; (iii) Completion and conversion of the Subscription CPS only; (iv) full conversions to the Conversion Shares, before the allotment and issue of the Management Subscription Shares; and (v) alongside with the allotment and issue of the Management Subscription Shares:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Ordinary Shares and full conversion of the Subscription CPS before any Share Redesignation		Immediately after the allotment and issue of the Subscription Ordinary Shares upon Completion		After the allotment and issue of the Subscription Ordinary Shares and upon full conversion of the Subscription CPS but before conversion of any Redesignated Shares		Immediately after full conversions to the Conversion Shares but before the allotment and issue of the Management Subscription Shares		Immediately after the allotment and issue of the Management Subscription Shares ^(Note 2)	
	Number of Ordinary Shares	%	Number of Ordinary Shares	%	Number of Ordinary Shares	% voting right	Number of Ordinary Shares	% voting right	Number of Ordinary Shares	% voting right	Number of Ordinary Shares	% voting rights
The Subscriber	32,000,000	3.0	568,270,747	35.3	283,942,800	30.0	568,270,747	46.2	568,270,747	35.3	568,270,747	33.6
Rundong Fortune	484,016,000	45.1	484,016,000	30.0	283,942,800	30.0	283,942,800	23.1	484,016,000	30.0	484,016,000	28.6
Mr. Yang Peng	—	—	—	—	—	—	—	—	—	—	36,898,851	2.2 ^(Note 3)
<i>Sub-total of the Subscriber and parties acting in concert with it</i>	<i>516,016,000</i>	<i>48.0</i>	<i>1,052,286,747</i>	<i>65.3</i>	<i>567,885,600</i>	<i>60.0</i>	<i>852,513,547</i>	<i>69.3</i>	<i>1,052,286,747</i>	<i>65.3</i>	<i>1,089,185,598</i>	<i>64.4</i>
KKR Auto	280,000,000	26.1	280,000,000	17.4	100,132,400	10.6	100,132,400	8.1	280,000,000	17.4	280,000,000	16.6
Management Subscribers and Connected Management Subscribers (other than Mr. Yang Peng)	—	—	—	—	—	—	—	—	—	—	43,638,386	2.6
Rundong Smart	35,984,000	3.3	35,984,000	2.2	35,984,000	3.8	35,984,000	2.9	35,984,000	2.2	35,984,000	2.1
Runda	5,855,000	0.5	5,855,000	0.4	5,855,000	0.6	5,855,000	0.5	5,855,000	0.4	5,855,000	0.3
Public Shareholders ^(Note 1)	236,619,000	22.0	236,619,000	14.7	236,619,000	25.0	236,619,000	19.2	236,619,000	14.7	236,619,000	14.0
Total	1,074,474,000	100	1,610,744,747	100	946,476,000	100	1,230,803,947	100	1,610,744,747	100	1,691,281,984	100

For illustration purpose only, the table below sets out the shareholding structure of the Company assuming (a) KKR Auto has disposed of all of its Shares before Completion; and (b) there is no other change in the number of issued Ordinary Shares between the date of this announcement and the following relevant events immediately upon (i) Completion (in which case the Public Float Requirement will be maintained and no Subscription CPS will be issued and no Share Redesignation will take place); and (ii) alongside with the allotment and issue of the Management Subscription Shares:

Shareholders	As at the date of this announcement		Immediately after the allotment and issue of the Subscription Shares upon Completion but before the allotment and issue of the Management Subscription Shares		Immediately after the allotment and issue of the Management Subscription Shares ^(Note 2)	
	Number of Ordinary Shares	% voting rights	Number of Ordinary Shares	% voting rights	Number of Ordinary Shares	% voting rights
The Subscriber	32,000,000	3.0	568,270,747	35.3	568,270,747	33.6
Rundong Fortune	484,016,000	45.1	484,016,000	30.0	484,016,000	28.6
Mr. Yang Peng	—	—	—	—	36,898,851	2.2 ^(Note 3)
Sub-total of the Subscriber and parties acting in concert with it	516,016,000	48.0	1,052,286,747	65.3	1,089,185,598	64.4
KKR Auto	280,000,000	26.1	0	0	0	0
Management Subscribers and Connected Management Subscribers (other than Mr. Yang Peng)	—	—	—	—	43,638,386	2.6
Rundong Smart	35,984,000	3.3	35,984,000	2.2	35,984,000	2.1
Runda	5,855,000	0.5	5,855,000	0.4	5,855,000	0.3
Public Shareholders ^(Note 1)	236,619,000	22.0	516,619,000	32.1	516,619,000	30.6
Total	1,074,474,000	100	1,610,744,747	100	1,691,281,984	100

Notes:

- As at the date of this announcement, the Subscriber is an Independent Third Party and its shareholding in the Company is counted as part of the public float of the Ordinary Shares of the Company.
- Assuming that KKR Auto will have converted all of the KKR Redesignated Shares into Ordinary Shares and then disposed of all of its Ordinary Shares to member of the public before the Subscriber and Rundong Fortune can convert their CPS in accordance with the Terms of the CPS, such that the 16.6% shareholding interests will be counted as part of the public float of the Ordinary Shares of the Company.

3. Mr. Yang Peng is the protector of the Run Feng Family Trust (the “**Family Trust**”) with power to appoint and remove its trustee, namely Rundong Fortune, which holds the Shares in trust for the beneficiaries of the Family Trust. Mr. Yang Peng is one of the Connected Management Subscribers and will subscribe for 36,898,851 Management Subscription Shares. After the allotment and issue of the Management Subscription Shares to Mr. Yang Peng, Rundong Fortune and Mr. Yang Peng will, in aggregate, be interested in 520,914,851 Ordinary Shares, representing 30.8% voting rights of the Company as enlarged by the Subscription Shares and the Management Subscription Shares.

FUND RAISING ACTIVITIES IN THE PAST TWELVE MONTHS

Set out below are the fund raising activities of the Company from the issue of equity securities in the twelve-month period immediately preceding the date of this announcement:

Date of initial announcement	Fund raising activity	Intended use of proceeds	Actual use of proceed (As at December 31, 2014)
July 31, 2014	Global offering of 268,619,000 Ordinary Shares	<p>(a) 40% of the proceeds will be used to establish stores for various luxury automobile brands in China</p> <p>(b) 30% of the proceeds will be used to repay existing bank loans</p> <p>(c) 20% of the proceeds will be used to finance potential future business acquisitions</p> <p>(d) 10% of the proceeds will be used as working capital and other general corporate purposes</p>	<p>(a) RMB202.1 million had been used in early repayment of long-term bank loans</p> <p>(b) RMB25.2 million had been used as operating capital and others</p> <p>(c) the remaining balance had been placed in licenced banks in Hong Kong and China</p>

APPLICATION FOR WHITEWASH WAIVER

As at the date of this announcement, the Subscriber is interested in 32,000,000 Ordinary Shares, representing 3.0% of the issued Ordinary Shares. Upon Completion, the Subscriber will be interested in up to 283,942,800 Ordinary Shares, representing, as a result of the Allocation Adjustment, 30.0% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and become a Controlling Shareholder of the Company. Upon full conversion of the Subscription CPS, the Subscriber will in aggregate be interested in 568,270,747 Ordinary Shares, representing (a) 46.2 % of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and the Conversion Subscription Shares; and (b) 35.3% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and the Conversion Shares.

Under Rule 26.1 of the Takeovers Code, the Subscriber would be obliged to make a mandatory general offer to the Shareholders for all the issued Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it, unless the Whitewash Waiver is obtained from the Executive. In this regard, the Subscriber will make an application to the Executive for the Whitewash Waiver in respect of the allotment and issue of the Subscription Ordinary Shares on Completion and/or any conversion(s) of the Subscription CPS. The Whitewash Waiver, if granted by the Executive, will be subject to, among other things, approval by the Code Independent Shareholders at the EGM by way of poll. Completion is conditional upon, among other things, the Whitewash Waiver being granted by the Executive and approval by the Code Independent Shareholders at the EGM. Each of the Subscriber, KKR Auto and Rundong Fortune was interested in or involved in the Subscription Agreement, the transactions contemplated thereunder and the Whitewash Waiver and will abstain from voting on the relevant resolution(s) to approve the Subscription Agreement, the transactions contemplated thereunder, the Specific Mandate (Subscription Agreement) and the Whitewash Waiver at the EGM.

IMPLICATIONS UNDER THE TAKEOVERS CODE

Pursuant to the Concert Parties Agreement effective upon Completion, Rundong Fortune (and Mr. Yang Peng who is an associate of Rundong Fortune) are parties acting in concert with the Subscriber, and they will, in aggregate, be interested in (a) at least 567,885,600 Ordinary Shares representing, as a result of the Adjustment Allocation, 60.0% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares upon Completion; (b) 852,513,547 Ordinary Shares representing 69.3% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and the Conversion Subscription Shares; (c) 1,052,286,747 Ordinary Shares representing 65.3% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares and Conversion Shares; and (d) 1,089,185,598 Ordinary Shares representing 64.4% of the issued Ordinary Shares as enlarged by the Subscription Ordinary Shares, the Conversion Shares and the Management Subscription Shares.

The Management Subscriptions constitute a special deal of the Company under Rule 25 of the Takeovers Code. An application will be made by the Company for the consent of the Executive to the Special Deal (Management Subscriptions). The Special Deal (Management Subscriptions) will be subject to the consent of the Executive, the opinion of the independent financial advisor that the terms of the Special Deal (Management Subscriptions) are fair and reasonable and the approval of the Code Independent Shareholders by way of poll at the EGM. The Management Subscriptions will not proceed if the consent is not granted by the Executive or the approval of the Code Independent Shareholders (and the LR Independent Shareholders) are not obtained.

IMPLICATIONS UNDER THE LISTING RULES

As at the date of this announcement, (i) Rundong Fortune is a Controlling Shareholder holding 484,016,000 Ordinary Shares, representing 45.1% of the total issued Ordinary Shares; (ii) KKR Auto is a substantial shareholder holding 280,000,000 Ordinary Shares, representing 26.1% of the total issued Ordinary Shares; and (iii) the Connected Management Subscribers are Directors. Hence, Rundong Fortune, KKR Auto and the Connected

Management Subscribers are all connected persons of the Company as defined under Rule 14A.07 of the Listing Rules. As such, each of the Share Redesignation and the Management Subscriptions by the Connected Management Subscribers will constitute connected transactions of the Company and is subject to the announcement, circular and LR Independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

An application will be made by the Company for the listing of, and permission to deal in, the Subscription Ordinary Shares, the Conversion Subscription Shares and the Management Subscription Shares.

Following Completion, the Ordinary Shares to be held by each of the Subscriber, Rundong Fortune and KKR Auto would not be counted towards the public float required under the Listing Rules (assuming none of these parties disposes of any Shares before Completion). In order to facilitate the maintenance of the Public Float Requirement by the Company, upon Completion, (a) up to 284,327,947 Subscription CPS, subject to the Allocation Adjustment, will be issued to the Subscriber; and (b) up to 200,073,200 RF Ordinary Shares and 179,867,600 KKR Ordinary Shares, subject to the Redesignation Adjustment, will be redesignated to the same number of RF Redesignated Shares and KKR Redesignated Shares, respectively.

CHANGE OF NAME

The Company proposes to change its English name from "China Rundong Auto Group Limited" to "China Greenland Rundong Auto Group Limited", and to adopt "中國綠地潤東汽車集團有限公司" as its new Chinese name to replace "中國潤東汽車集團有限公司" following Completion.

Following Completion, the Subscriber will be a Controlling Shareholder. The Board believes that the new English and Chinese names of the Company will not only provide the Company with a fresh corporate identity, but also better reflect the relationship between the Company and the Subscriber. The Board is of the opinion that the Change of Name is in the best interests of the Company and the Shareholders as a whole.

The Change of Name is conditional upon the following conditions having been satisfied:

- (a) the passing of a special resolution by the Shareholders at the EGM approving the Change of Name;
- (b) the issue of a certificate of incorporation on change of name bearing the new English and Chinese name by the Registrar of Companies in the Cayman Islands; and
- (c) the Completion.

Effect of the Change of Name

Subject to the satisfaction of the above-mentioned conditions, the Change of Name will take effect from the date of the issue of a certificate of incorporation on change of name bearing the new English and Chinese name by the Registrar of Companies in the Cayman Islands. The Company will then carry out all necessary filing procedures with the Companies Registry in Hong Kong.

The Change of Name will not affect any rights of the Shareholders or the Company's daily business operation or its financial position. All existing share certificates of the Company in issue bearing the present name of the Company will, after the Change of Name becoming effective, continue to be good evidence of legal title to Shares and will continue to be valid for trading, settlement and delivery purposes. As such, no arrangement will be made for the exchange of the existing share certificates of the Company for the new share certificates bearing the Company's new name as a result of the Change of Name.

GENERAL

Code Independent Board Committee, LR Independent Board Committee and Independent Financial Advisor

The Code Independent Board Committee will be formed to advise the Code Independent Shareholders in respect of the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions) after considering the opinion of the independent financial advisor. Each of the non-executive Directors is excluded from the Code Independent Board Committee due to their involvement or interest (as the case may be) in the Subscription, the Whitewash Waiver and the Special Deal (Management Subscriptions) in a capacity other than as a non-executive Director.

The LR Independent Board Committee will be formed to advise the LR Independent Shareholders in respect of the Share Redesignation, the Management Subscriptions by the Connected Management Subscribers and the Specific Mandate (Management Subscription Shares) after considering the opinion of the independent financial advisor.

An independent financial advisor (which will be approved by both the Code Independent Board Committee and the LR Independent Board Committee) will be appointed to advise and make recommendations to (a) the Code Independent Board Committee and the Code Independent Shareholders in respect of the proposed resolutions to approve the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions); and (b) the LR Independent Board Committee and the LR Independent Shareholders in respect of the proposed resolutions to approve the Share Redesignation, the Management Subscriptions by the Connected Management Subscribers and the Specific Mandate (Management Subscription Shares).

EGM

The EGM will be held to consider and, if thought fit, pass the requisite resolutions to approve, among other things: (a) the Subscription Agreement and the transactions contemplated under it; (b) the Whitewash Waiver; (c) the Redesignation Agreement and the Share Redesignation; (d) the Management Subscriptions constituting the Special Deal (Management Subscriptions); (e) the Share Capital Resolutions and the amendments to the Articles; (f) the Specific Mandates; and (g) the Change of Name. Only the Code Independent Shareholders will be eligible to vote on the relevant resolutions relating to the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions). Accordingly, (i) the Subscriber, Rundong Fortune and parties acting in concert with any of them and their respective associates; and (ii) any Shareholder interested or involved in the Subscription, the Whitewash Waiver and/or the Special Deal (Management Subscriptions) (including KKR Auto and Runda) will abstain from voting on

the relevant resolutions relating to the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions), which will be taken by way of a poll at the EGM.

Only the LR Independent Shareholders will be eligible to vote on the relevant resolutions relating to (a) the Share Redesignation; (b) the Management Subscriptions by the Connected Management Subscribers; and (c) the Specific Mandate (Management Subscription Shares).

Despatch of Circular

A circular containing, among other things, (a) details of the Subscription, the Whitewash Waiver, the Share Redesignation, the Management Subscriptions constituting the Special Deal (Management Subscriptions), amendments to the Articles, the Specific Mandates and the Change of Name; (b) the recommendations of the Code Independent Board Committee to the Code Independent Shareholders; (c) the recommendations of the LR Independent Board Committee to the LR Independent Shareholders; (d) the letter of advice from the independent financial advisor to the Code Independent Board Committee and the LR Independent Board Committee; and (e) a notice convening the EGM will be despatched to the Shareholders in compliance with the requirements of the Listing Rules and the Takeovers Code, is expected to be despatched on or before June 7, 2015.

RESUMPTION OF TRADING

Reference is made to the announcement of the Company on April 17, 2015. At the request of the Company, trading in the Ordinary Shares has been halted from 1:00 p.m. on April 17, 2015 pending the release of this announcement. An application has been made by the Company for the resumption of trading in the Ordinary Shares on the Stock Exchange with effect from 9:00 a.m. on May 18, 2015.

Warning: The Subscription is subject to the fulfillment of a number of conditions precedent set out under the section headed “Conditions of the Subscription” in this announcement, including approval at the EGM by the Code Independent Shareholders of the Subscription and the Whitewash Waiver, and the grant of the Whitewash Waiver by the Executive. As such, the Subscription may or may not proceed.

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

DEFINITIONS

In this announcement, unless the context requires otherwise, the following terms have the meanings as set out below:

“acting in concert”	has the same meaning as ascribed to it under the Takeovers Code
“Allocation Adjustment”	the adjustment to the minimum number of Subscription Ordinary Shares and the maximum number of Subscription CPS, for the purpose of determining the allocation between these two classes of Shares, to be allotted and issued to the Subscriber upon Completion, the details of which are set out in the section headed “ <i>The Subscription Agreement — Allocation Adjustment</i> ” of this announcement
“Articles”	the articles of association of the Company as amended from time to time
“Board”	the board of Directors
“Business Day”	a day other than Saturday or Sunday or public holiday in the PRC or Hong Kong
“Change of Name”	the proposal for the Company to change its English name from “China Rundong Auto Group Limited” to “China Greenland Rundong Auto Group Limited”, and to adopt “中國綠地潤東汽車集團有限公司” as its new Chinese name to replace “中國潤東汽車集團有限公司” following Completion
“Code Independent Board Committee”	the independent board committee comprising all the INEDs, which will be established to advise the Code Independent Shareholders on the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and the Special Deal (Management Subscriptions) pursuant to the Takeovers Code
“Code Independent Shareholders”	for the purpose of the Takeovers Code, Shareholders other than the Subscriber and parties acting in concert with it (including Rundong Fortune) and any other Shareholders who are interested or involved in the Subscription, the Specific Mandate (Subscription Agreement), the Whitewash Waiver and/or the Special Deal (Management Subscriptions), including KKR Auto and Runda (which holds Shares in trust for the Connected Management Subscribers (other than Mr. Yang Peng) and the Management Subscribers (other than Mr. Lee Nan-Ping))

“Company”	China Rundong Auto Group Limited (中國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
“Completion”	the completion of the Subscription in accordance with the terms of the Subscription Agreement
“Concert Parties Agreement”	the agreement entered into between Rundong Fortune and the Subscriber dated May 16, 2015 in respect of their understandings relating to exercising certain of their rights as Shareholders
“Connected Management Subscribers”	subscribers for the Management Subscription Shares pursuant to the terms of the Management Subscription Agreements who are Directors, namely Mr. Yang Peng, Mr. Liu Dongli, Mr. Zhao Zhongjie, Mr. Liu Jian and Mr. Yan Sujian
“connected person”	has the meaning ascribed to it under the Listing Rules
“Controlling Shareholder”	has the meaning ascribed to it under the Listing Rules
“Conversion Redesignated Shares”	Ordinary Shares to be converted from the KKR Redesignated Shares and RF Redesignated Shares in accordance with the Articles and the Terms of the CPS
“Conversion Shares”	the Conversion Subscription Shares and the Conversion Redesignated Shares
“Conversion Subscription Shares”	Ordinary Shares to be converted from the Subscription CPS in accordance with the Articles and the Terms of the CPS
“CPS”	subject to the Share Capital Resolutions having been passed, the convertible preference shares of par value US\$0.0000005 each in the share capital of the Company having the rights and powers set out in the Terms of the CPS and the Articles as to be amended
“Directors”	directors of the Company
“Dividend Preference”	the dividend preference rights attached to the CPS, the details of which are set out in the section headed “ <i>Principal Terms of the CPS — Dividends</i> ” of this announcement

“EGM”	the extraordinary general meeting of the Company to be convened to approve, among other things, (a) the Subscription Agreement and the transactions contemplated thereunder; (b) Redesignation Agreement and the Share Redesignation; (c) the Management Subscriptions constituting the Special Deal (Management Subscriptions); (d) the Specific Mandates; (e) the Whitewash Waiver ; (f) the Share Capital Resolutions and amendments to the Articles; and (g) the Change of Name
“Executive”	the Executive Director of the Corporate Finance Division of the Securities and Futures Commission or any delegate of such executive director
“Greenland”	Greenland Holding Group Company Limited (綠地控股集團有限公司), a group with diversified shareholdings (including shareholdings by various state-owned enterprises and with Shanghai Gelinlan Investments (Limited Partnership) (上海格林蘭投資企業 (有限合夥)), a holding entity on behalf of the employees of the group, being the single largest shareholder with shareholding interest of 29.1%) headquartered in Shanghai, and a Global Fortune 500 Company with its main business in real estate, energy and finance. On 23 April 2015, the Listed Companies Merger and Reorganisation Approval Committee of the China Securities Regulatory Commission had its 32nd meeting in 2015 during which it conditionally approved the major asset reorganisation (including the assets swap, issue of shares and connected transactions) of Shanghai Jinfeng Investment Co., Ltd.. This major asset reorganization relates to the listing of the Greenland group as a whole on the A-share market
“Group”	the Company and its subsidiaries from time to time
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Independent Third Party”	the independent third party who is, to the best of the Directors’ knowledge, information and belief having made all reasonable enquiry, independent of and not connected with the Company and its connected person(s)
“INEDs”	the independent non-executive Directors, and as at the date of this announcement, namely Mr. Peng Zhenhuai, Mr. Mei Jianping, Mr. Lee Conway Kong Wai and Mr. Xiao Zhengsan

“KKR Auto”	KKR China Auto Retail Holding Ltd II, a company incorporated in the Cayman Islands on September 14, 2010 as an exempted company
“KKR Ordinary Shares”	up to 179,867,600 Ordinary Shares held by KKR Auto before Completion to be redesigned to the same number of KKR Redesignated Shares under the Share Redesignation
“KKR Redesignated Shares”	up to 179,867,600 CPS to be held by KKR Auto upon redesignation of the same number of KKR Ordinary Shares under the Share Redesignation
“Last Trading Day”	April 16, 2015, being the last trading day of the Ordinary Shares on the Stock Exchange before the suspension of trading in the Shares pending the release of this announcement
“Liquidation Preference”	the liquidation preference rights attached to the CPS, the details of which are set out in the section headed “ <i>Principal Terms of the CPS — Distribution of assets</i> ” of this announcement
“Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended or supplemented from time to time
“LR Independent Board Committee”	the independent board committee comprising all the INEDs which will be established to advise the LR Independent Shareholders on the Share Redesignation, the Management Subscriptions by the Connected Management Subscribers and the Specific Mandate (Management Subscription Shares) pursuant to the Listing Rules
“LR Independent Shareholders”	for the purpose of the Listing Rules, Shareholders other than those who are interested in the Share Redesignation, the Management Subscriptions by the Connected Management Subscribers and/or the Specific Mandate (Management Subscription Shares), as the case may be, including the Subscriber, Rundong Fortune, KKR Auto and Runda (which holds Shares in trust for the Connected Management Subscribers (other than Mr. Yang Peng) and the Management Subscribers (other than Mr. Lee Nan-Ping))
“Management Subscribers”	subscribers for the Management Subscription Shares pursuant to the terms of the Management Subscription Agreement who are members of the senior management of the Group

“Management Subscription Agreements”	the subscription agreements dated May 16, 2015 entered into between the Company and each of the Management Subscribers and Connected Management Subscribers for the subscription of certain new Ordinary Shares
“Management Subscription Price”	the price of HK\$2.89 per Share at which the Management Subscription Shares are to be issued
“Management Subscription Shares”	an aggregate of 80,537,237 new Ordinary Shares that the Management Subscribers and Connected Management Subscribers have agreed to subscribe for pursuant to the Management Subscription Agreements
“Management Subscriptions”	the subscriptions of the Management Subscription Shares by the Management Subscribers and the Connected Management Subscribers pursuant to the Management Subscription Agreements
“MOFCOM”	the Ministry of Commerce of the PRC
“Ordinary Share”	the ordinary shares of US\$0.0000005 each in the share capital of the Company
“Post-IPO Share Option Scheme”	the share option scheme adopted by the Company on July 23, 2014 for the benefit of, among others, its employees and Directors
“PRC” or “China”	the People’s Republic of China (which for the purpose of the Subscription Agreement and the Concert Parties Agreement, excludes Hong Kong, the Macau Special Administrative Region and Taiwan)
“Public Float Requirement”	the requirement under Rules 8.08(1) and 13.32(1) of the Listing Rules prescribing a minimum percentage of the listed securities of the Company on the Stock Exchange shall at all times be held by the public (as defined under the Listing Rules)
“Redesignated Shares”	the KKR Redesignated Shares and the RF Redesignated Shares
“Redesignation Adjustment”	the downward adjustment to the maximum number of KKR Ordinary Shares and RF Ordinary Shares to be redesignated upon Completion under the Share Redesignation, the details of which are set out in the section headed “ <i>The Redesignation Agreement — Redesignation Adjustment</i> ” of this announcement

“Redesignation Agreement”	the agreement entered into between the Company, Rundong Fortune and KKR Auto dated May 16, 2015 in relation to the redesignation of the RF Ordinary Shares and KKR Ordinary Shares to the RF Redesignated Shares and KKR Redesignated Shares
“RF Ordinary Shares”	up to 200,073,200 Ordinary Shares held by Rundong Fortune before Completion to be redesignated to the same number of RF Redesignated Shares under the Share Redesignation
“RF Redesignated Shares”	up to 200,073,200 CPS to be held by Rundong Fortune upon redesignation of the same number of RF Ordinary Shares under the Share Redesignation
“RMB”	Renminbi, the lawful currency of the PRC
“Runda”	Runda (PTC) Limited, a private trust Company incorporated under the laws of the British Virgin Islands, which holds 5,855,000 Ordinary Shares as at the date of this announcement 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 Fortune”	Rundong Fortune Investment Limited, a company incorporated in the British Virgin Islands as a limited liability company on November 18, 2013 and a Controlling Shareholder
“Rundong Smart”	Rundong Smart Investment Limited which holds 35,984,000 Ordinary Shares as at the date of this announcement as 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 Peng)
“Share Capital Resolutions”	the special resolutions to be passed by the Shareholders at EGM approving the creation of a new class of CPS in the capital of the Company, the adoption of the Terms of the CPS, the incorporation of the mechanisms for redesignating Ordinary Shares into CPS and vice versa and the relevant amendments to the Articles

“Share Redesignation”	subject to the passing of the Share Capital Resolutions and approval by the LR Independent Shareholders, (a) the redesignation of the RF Ordinary Shares into the same number RF Redesignated Shares; and (b) the redesignation of the KKR Ordinary Shares to the same number of KKR Redesignated Shares, each in accordance with the terms of the Redesignation Agreement and the Articles and subject to the Redesignation Adjustment
“Shareholders”	holders of shares of the Company
“Shares”	shares in the capital of the Company comprising of the Ordinary Shares and, upon Completion, the CPS
“Special Deal (Management Subscriptions)”	the special deal under Rule 25 of the Takeovers Code involving the Management Subscriptions
“Specific Mandates”	the Specific Mandate (Subscription Agreement) and the Specific Mandate (Management Subscription Shares)
“Specific Mandate (Management Subscription Shares)”	the specific mandate to be sought from the LR Independent Shareholders at the EGM for the allotment and issue of the Management Subscription Shares
“Specific Mandates (Subscription Agreement)”	the specific mandate to be sought from the Code Independent Shareholders at the EGM for the allotment and issue of the Subscription Ordinary Shares and the Subscription CPS
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Subscriber”	Greenland Financial Overseas Investment Group Co., Ltd., a company incorporated in the British Virgin Islands and a wholly-owned subsidiary of Greenland. Upon Completion, the Subscriber will become a Controlling Shareholder of the Company
“Subscription”	the subscription of the Subscription Shares pursuant to the terms of the Subscription Agreement
“Subscription Agreement”	the agreement entered into between the Company, the Subscriber and Rundong Fortune dated May 16, 2015 in respect of the Subscription
“Subscription CPS”	up to 284,327,947 new CPS to be allotted and issued by the Company to and subscribed by, the Subscriber at Completion in accordance with the terms and conditions of the Subscription Agreement

“Subscription Ordinary Shares”	at least 251,942,800 new Ordinary Shares to be subscribed by the Subscriber pursuant to the terms of the Subscription Agreement
“Subscription Price”	HK\$2.89 per Subscription Share
“Subscription Shares”	the 536,270,747 Shares comprising the Subscription Ordinary Shares and the Subscription CPS collectively
“substantial shareholder”	has the meaning ascribed to it under the Listing Rules
“Takeovers Code”	the Code on Takeovers and Mergers issued by the Securities and Futures Commission of Hong Kong as amended from time to time
“Terms of the CPS”	the terms of the CPS to be adopted pursuant to the Share Capital Resolutions, the details of which are set out in the section headed “ <i>Principal Terms of the CPS</i> ” of this announcement
“US\$”	US dollars, the lawful currency of the United States of America
“Whitewash Waiver”	a waiver to be granted by the Executive pursuant to Note 1 of the Notes on dispensations from Rule 26 of the Takeovers Code from the obligations of the Subscriber to make a mandatory general offer for all of the Ordinary Shares and other securities of the Company not already owned or agreed to be acquired by the Subscriber and any parties acting in concert with it which would, if the Subscription proceeds, otherwise arise as a result of the Completion and/or the conversion of the Subscription CPS
“%”	percentage

This announcement contains translation between HK\$ and RMB at HK\$1.25 = RMB1.0. The translation shall not be taken as representation that the HK\$ amount could actually be converted into RMB at that rate, or at all.

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

The PRC, May 17, 2015

As at the date of this announcement, the executive Directors are Mr. Yang Peng, Mr. Liu Dongli, Mr. Zhao Zhongjie, Mr. Liu Jian and Mr. Li Xiang; the non-executive Directors are Mr. Liu Haifeng David, Mr. Zhao Fu and Mr. Yan Sujian; 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 announcement and confirm, having made all reasonable inquiries, that to the best of their knowledge, opinions expressed in this announcement have been arrived at after due and careful consideration and there are no other facts not contained in this announcement the omission of which would make any statement in this announcement misleading.