CHINA GREENLAND RUNDONG AUTO GROUP LIMITED
中國綠地潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)
(於開曼群島註冊成立的有限公司)

Stock Code 股份代號：1365

2015 Interim Report
中期報告

Contents

Corporate Information

BOARD OF DIRECTORS

Mr. Yang Peng *(Chairman, executive Director and President of our Group)*
Mr. Liu Dongli *(vice Chairman, executive Director)*
Mr. Zhao Zhongjie *(executive Director, executive President of our Group)*
Mr. Liu Jian *(executive Director, vice President of our Group)*
Mr. Li Wei *(non-executive Director)*
Mr. Wu Zhengkui *(non-executive Director)*
Mr. Zhao Fu *(non-executive Director)*
Mr. Yan Sujian *(non-executive Director, Vice Chairman of our Group)*
Mr. Peng Zhenhuai *(independent non-executive Director)*
Mr. Mei Jianping *(independent non-executive Director)*
Mr. Lee Conway Kong Wai *(independent non-executive Director)*
Mr. Xiao Zhengsan *(independent non-executive Director)*

AUDIT COMMITTEE

Mr. Lee Conway Kong Wai *(Chairman)*
Mr. Peng Zhenhuai
Mr. Yan Sujian

REMUNERATION COMMITTEE

Mr. Mei Jianping *(Chairman)*
Mr. Yang Peng
Mr. Xiao Zhengsan
Mr. Wu Zhengkui
Mr. Peng Zhenhuai

NOMINATION COMMITTEE

Mr. Yang Peng *(Chairman)*
Mr. Peng Zhenhuai
Mr. Xiao Zhengsan
Mr. Mei Jianping
Mr. Li Wei

JOINT COMPANY SECRETARIES

Mr. Zhou Jian
Ms. Ho Siu Pik

AUTHORIZED REPRESENTATIVES

Mr. Liu Jian
Ms. Ho Siu Pik

REGISTERED OFFICE

Maples Corporate Services Limited
PO Box 309, Ugland House
Grand Cayman, KY1-1104
Cayman Islands

HEAD OFFICE IN THE PRC

9F, Shenzhou Wisdom Plaza
No. 567, West Tianshan Road, Changning District
Shanghai, PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Level 54, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL SHARE REGISTRAR

Maples Fund Service (Cayman) Limited
PO Box 1093, Boundary Hall
Cricket Square, Grand Cayman
KY1-1102, Cayman Islands

HONG KONG BRANCH SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716, 17th Floor
Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

COMPLIANCE ADVISER

Haitong International Capital Limited
22/F Li Po Chun Chambers
189 Des Voeux Road Central
Hong Kong

AUDITORS

Ernst & Young
Certified Public Accountants
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

STOCK CODE

1365

WEBSITE

www.rundong.com.cn

Chairman's Statement

Dear shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") and the management of China Greenland Rundong Auto Group Limited (the "**Company**" or "**our Company**" and together with its subsidiaries, "**Rundong**", "**we**", "**us**", "**our**", the "**Group**" or "**our Group**"), I am pleased to present the interim results report for the six months ended June 30, 2015 (the "**Reporting Period**" or "**Period Under Review**").

The Group's results during the Period Under Review has declined compared with the same period past years due to the downturn in the automobile market. As at June 30, 2015, the operating revenue was RMB7,340.6 million, representing a decrease of approximately 3.3% compared to the same period in 2014; the gross profit was approximately RMB661.7 million, representing a decrease of approximately 9.1% compared to the same period last year; net profit was RMB109.2 million, representing a decrease of approximately 46.2% compared to the same period last year; net profit attributable to owners of the parent was RMB106.7 million, representing a decrease of 45.8% compared to the same period last year; earnings per share was RMB0.1.

During the Period Under Review, revenue from new automobile sales of the Group was RMB6,410 million, representing a 5.6% year-on-year decrease, among which, revenue from sales of luxury and ultra-luxury automobiles reached approximately RMB4,730 million, representing a 3.7% year-on-year decrease. With the continuous rise in car ownership in China, as well as constant growth in customer base and business contribution of the Group, the after-sales services delivered remarkable performance. During the Period Under Review, revenue from our after-sales service business amounted to RMB930 million, representing a 16.6% year-on-year increase, accounting for 12.7% of the Group's total revenue. The gross profit of our after-sales service business amounted to RMB400 million, representing a 15.2% year-on-year increase; while the gross profit margin of after-sales service business was 43.5% (for the six months ended June 30, 2014: 44.1%).

Based on the above data, although the Group experienced relatively large year-on-year decrease in results, the results of the Period Under Review is similar to the second half of last year. We believe that we are able to hold back the decline of results mainly due to the following reasons: (1) in the face of the ever-changing market environment, the Group has adjusted the pace of purchase of each store in accordance with the market changes of different brands and regions; (2) the Group has actively maintained effective communications with various automobile manufacturers to give timely feedbacks on market information and has, meanwhile introduced marketing strategies tailored to specific regions and clients based on the guiding marketing opinions from manufacturers and the particular conditions of different stores with an aim to enhance the efficiency of marketing campaigns and reduce marketing costs; and (3) in order to maintain sufficient cash flow of the Group as a whole and maximize profits, the Group has been actively developing new businesses with greater growth potential and higher profitability to compensate the losses from the declining traditional businesses. During the Period Under Review, the Group has been actively developing new energy automobile and automobile parallel import businesses and managed to achieve significant progress in merely half a year. To take new energy automobile as an example, although the Group has only one new energy automobile 4S store which has been operating for only half a year, its growth is significant. We believe that through continuous investment in new energy automobiles by the Group for a period of time in the future, the growth of new energy automobiles will be more than enough to offset the adverse impact brought by the decline in the sales of traditional automobiles. In light of the above, we believe that through its multi-faceted measures, the Group's sales of new automobiles are gradually improving.

Chairman's Statement

Since the second half of 2014, the data on both China's macro-economy and overall development of its automobile industry has indicated slowdown in growth. With sensitive business acumen, the Group's management noticed that, with the decelerating growth, the peak of the automobile industry integration is looming. At the same time, the Group's management is confident to be well prepared for risk management and further development at the moment when asset prices of the relevant industries are at lower level. In view of such, the shareholders and management of the Group have made the critical decision of introducing Greenland Holdings as our new controlling shareholder. During the Period Under Review, Greenland Financial Overseas Investment Group Co., Ltd, a wholly-owned subsidiary of Greenland Holdings Corporation Limited ("**Greenland Holdings**"), invested in the Group and became a controlling shareholder. The Group intends to issue a total of 536,270,747 Shares, and upon the completion of subscription, Greenland Financial Overseas Investment Group Co., Ltd will hold 30% voting rights of the Group. As the largest real estate enterprise in the world ranked on the list of Global 500, Greenland Holdings has built a business presence based on its superior principal operation in real estate development and supported by the simultaneous development of related industries such as financial sector. After investing in the Group, Greenland Holdings will support the Group to grow into a leading automobile dealership group in China through various ways, including introducing upstream and downstream strategic partners to the Group, providing or procuring low-cost financing arrangements, increasing the credit scale of the Group and expanding the financing channel of the Group, and carrying out close cooperation between the Group and the relevant businesses under Greenland Holdings which generate synergistic effect with the Group to achieve win-win results. More importantly, both parties will embark on an in-depth and multi-dimensional cooperation in the areas of mutual marketing efforts, sharing of customer resources, innovation of internet model, investment and financing. The strategic cooperation between the Group and Greenland Holdings has spearheaded the inter-industry cooperation among China's automobile dealers. The cooperation will provide new driving force of business innovation to automobile dealership groups in the era of internet + automobile services, and has broad prospect of cooperation in areas of industry value chain, derivative and innovative business chains.

As at June 30, 2015, the Group operated a total of 73 stores, of which 48 are located in Jiangsu Province, 14 in Shandong Province, 7 in Shanghai, 3 in Zhejiang Province and 1 in Anhui Province. In addition, as at June 30, 2015, the Group has obtained authorization or non-binding letters of intent from automobile manufacturers to open or rebuild 11 automobile dealership stores. The above authorization obtained will further strengthen the Group's network layout in the automobiles of luxury and ultra-luxury brands, consolidating its prominent industry role in Eastern China. More importantly, the Group has, for the first time, obtained the authorization to open a 4S store for BMW in Beijing, indicating that the Group's business has expanded into Northern China for the first time, which lays a solid foundation for the expansion of the Group into areas other than Eastern China.

On the basis of our existing advanced CRM system and establishment of dedicated CRM sales team, the Group has been continuously promoting the construction of information management and enhancing information management level. As at June 30, 2015, the Group has the customer database containing information of approximately 399,000 existing customers and 654,000 customer leads (i.e., potential customers accessed by our marketing platform). In order to actively respond to the emerging Internet consumption model, the Group has timely established an independent e-commerce team during the Reporting Period. Through building an independent e-commerce team and integrating with the existing information system of the Group, e-commerce has gradually been transformed from mere advertisement display in the beginning to channeling of customer source, upgrading of sales and service experience, and boosting of sales and satisfaction level of customers, which in turn helped achieve the Group's full coverage of online and offline sales services. Meanwhile, the establishment of an independent e-commerce team has also laid the foundation and provided a platform for the Group to develop a diversified operation model in the future.

Chairman's Statement

During the Period Under Review, the Group was awarded with the honours of "19th Ranking among Top 100 Chinese Automobile Dealership Group in 2014", "Demonstrative Unit in Creating Hearty Consumption Activities in Jiangsu" and "2014 Model Enterprise in the Industry in Xuzhou City" attributing to its outstanding services, which demonstrated the outstanding performance of the Group's automobile dealership business.

Looking into the second half of the year, while insisting in centering on the authorized operation model, the Group will actively develop new automobile sales and after-sales businesses and explore new business without changing the existing operation model. Meanwhile, we believe that, upon the completion of investment by Greenland Holdings, Rundong Auto will have a larger development platform and embrace new development opportunities. In terms of traditional automobile sales, with a view to maximizing profit through expanding business scale, the Group will grasp the current opportunity of relatively low asset value to seek for opportunities of investment, merger and acquisition through establishing industrial development fund.

In the meantime, the Group will leverage on the superior resources of Greenland Holdings to further implement the proposed projects and operation model under the strategic cooperation memorandum signed by Greenland Financial Holdings Group Co., Ltd. (綠地金融投資控股集團有限公司) ("**Greenland Financial Holdings**"), Zhongyi E-commerce (Shanghai) Limited (眾益電子商務(上海)有限公司) ("**Greenland E-Commerce**") and the Company as well as actively develop the related business. In addition, with the support of Greenland Holdings, we will further expand the new energy automobile, electric automobile and hybrid automobile markets, develop the sales and after-sales services businesses of new energy automobiles and expand the sales network in accordance with the network layout of new energy automobile manufacturers and supporting policies implemented by local governments. The Group will focus its brand development efforts on ultra-luxury and luxury brands with model of joint ventures of market brands as supplement, as well as optimizing brand structure and building up its high-end brand image.

In addition, we will continue to take advantage of our strong capability in customer management, leading positions in regional markets and our established platforms and marketing channels to pursue continuous development of a variety of automobile related value-added services, including second-hand car trading services, extended warranties services, neighbourhood fast repair services as well as automobile purchase financing consultation, financial leasing and insurance agency.

We believe that through the strategic cooperation with Greenland Holdings, continuous expansion of scale, improvement of operation and development of innovative businesses, the Group will realize its goal of expanding the scale of automobile financial business with automobile sales and services as its core through capital operation, industry and financing integration and internet innovation.

Yang Peng
Chairman

August 28, 2015

Management Discussion and Analysis

MARKET REVIEW

During the first half of 2015, China's macro-economy continued to face considerable downward pressure, leaving limited room for optimistic prediction. According to the National Bureau of Statistics of China, the national gross domestic product (GDP) experienced growth rate of 7.0%, which has decreased by 0.3% compared with the second half of 2014.

Growth of automobile production and sales significantly slowed down in the first half of 2015 compared to the same period last year due to factors including the diminishing demand in domestic market, widespread official price cut by major vehicle companies and fading appeal of new products. During the Period Under Review, the production volume of passenger vehicles was 10.3278 million units, an increase of 6.38% but 5.67% slower compared with the same period of 2014; and sales volume of passenger vehicles was 10.0956 million units, an increase of 4.8% but 6.38% slower compared with the same period of last year.

In the first half of 2015, the domestic automobile market gradually entered the era of "micro-growth", while the luxury automobile market also cooled down. The markets of mainstream luxury brands, including luxury brands which the Group mainly focuses on, and mid- to high-end automobiles were, to a certain extent, affected by the general decelerating domestic market. Overall speaking, the current leading positions of BMW, Audi and Benz in the domestic luxury automobile market were unscathed, while market share of other luxury brands showed slight changes. In addition, the mid- to high-end automobile market has significantly slowed down, while many mid- to high-end brand manufacturers have geared up marketing efforts and market competition among various brands will further intensify.

Notwithstanding the significant slowdown in new automobile sales during the Period Under Review, the automobile after-sales service market and related businesses have recorded rapid growth, driven by the fast growth of car ownership in China which was in turn stimulated by the robust new automobile sales in the previous few years. As at December 31, 2014, car ownership in the PRC reached 154 million units, it is expected that the automobile after-sales services market and related businesses will have enormous business potential due to the gradual increase in average age of cars and steady rise in car ownership.

BUSINESS REVIEW

In the face of the complicated market environment, the Group has insisted in exploring, innovating and implementing multi-faceted measures; taken a proactive stance to cope with the slowdown in market growth; and endeavored to develop new service models during the Period Under Review in order to lay an important foundation for the transformation, upgrade and development of the Group in the future. In view of the changing competition landscape due to the decline in market growth rate, the Company has entered into strategic cooperation with Greenland Holdings in the first half of 2015, which strengthened the capital base of the Group and the foundation for the Group's future development. Meanwhile, the Group has continued to optimize its brand mix, maintain geographical advantages and high density network layout, make timely moves to expand our regional network while focusing on prosperous coastal areas in Eastern China; and enhance operation efficiency through strengthening store management and continuously improving ERP system so as to build a solid foundation for the Group's future development.

Management Discussion and Analysis

STRATEGIC INTRODUCTION OF GREENLAND HOLDINGS TO PROMOTE LEAPING DEVELOPMENT OF THE GROUP

Since the second half of 2014, the data on both China's macro-economy and overall development of its automobile industry has indicated slowdown in growth. With sensitive business acumen, the Group's management noticed that, with the decelerating growth, the peak of the automobile industry integration is looming. At the same time, the Group's management is confident to be well prepared for risk management and further development at the moment when asset prices of the relevant industries are at lower level. In view of such, the shareholders and management of the Group have made the critical decision of introducing Greenland Holdings as our new controlling shareholder.

During the Reporting Period, Greenland Financial Overseas Investment Group Co., Ltd, a wholly-owned subsidiary of Greenland Holdings, invested in the Group and became a controlling shareholder of the Company. The Group intends to issue a total of 536,270,747 Shares, and upon the completion of subscription, Greenland Financial Overseas Investment Group Co., Ltd will hold 30% voting rights of the Group.

After investing in the Group, Greenland Holdings will support the Group to grow into a leading automobile dealership group in China through various ways, including introducing upstream and downstream strategic partners to the Group, providing or procuring low-cost financing arrangements, increasing the credit scale of the Group and expanding the financing channel of the Group, and carrying out close cooperation between the Group and the relevant businesses under Greenland Holdings which generate synergistic effect with the Group to achieve win-win results.

More importantly, both parties will embark on in-depth and multi-dimensional cooperation in the areas of mutual marketing efforts, sharing of customer resources, innovation of internet model, investment and financing. In the future, the Group may conduct automobile sales and provide after-sales services to the extra-large customer base of Greenland Holdings. In return, Greenland Holdings can make use of the premium resources of the Group's high-end customer base in luxury automobiles to market its businesses in real estate, finance and other businesses. At the same time, the Group will further expand the markets of new energy, electric and hybrid automobiles with the support of Greenland Holdings. In the financing field, both parties have entered into memorandums of cooperation with respect to automobile financing platform and internet e-commerce, pursuant to which both parties will jointly develop businesses relating to automobile financing and customer data applications as well as promoting the development of automobile financing lease business and automobile financial services business, while Greenland Holdings will also provide support to the Group in areas such as financing costs, credit scale and financing channels.

We believe that the strategic cooperation between the Group and Greenland Holdings has spearheaded the inter-industry cooperation among China's automobile dealers. The cooperation will provide new driving force of business innovation to automobile dealership groups in the era of internet + automobile services, and has broad prospect of cooperation in areas of industry value chain, derivative and innovative business chains.

ACTIVELY PLANNING A DIVERSIFIED SERVICES MODEL

Whether from the perspective of market shares of different models in China's automobile dealership market, or from the development paths of other developed markets, we believe that for a relatively long period of time in the future, authorized operation by automobile manufacturers will continue to be the dominating automobile dealership model, within which, independent authorization will have a larger share for luxury brands while cross authorization will be adopted for other general brands. On the other hand, it is expected that the relationship between automobile manufacturers and dealers will gradually achieve balance because the Group has gradually transformed from overly relying on sales revenue from new automobiles and rebate from manufacturers to a model of diversified income and profits.

Management Discussion and Analysis

First of all, based on the judgment that the authorization model will prevail for a relatively long period of time in the future, during the Reporting Period, the Group has made timely moves to obtain authorization or non-binding letters of intent from automobile manufacturers to open 3 more stores and renovate 4 existing stores. Such initiatives are aimed at bringing in new businesses, upgrading our businesses and strengthening our business presence in key areas and exploring new areas at opportune time. During the Period Under Review, the Group has, for the first time, obtained the authorization to open a new 4S store for BMW in Beijing, indicating that the Group's business has expanded into Northern China for the first time, which lays a solid foundation for the expansion of the Group into areas other than Eastern China.

Furthermore, with the goal of actively developing diversified services model, the Group has made timely move to develop automobile parallel import business and new energy automobile business during the Reporting Period. As an emerging business segment of the Group, parallel import business has already been included in the Group's development plan and the Group has become one of the first batch of pilot companies in Shanghai Free Trade Zone to have engaged in parallel import of automobiles. In order to step up the development of automobile parallel import business, the Group established the Parallel Imported Automobile Trading Department during the Reporting Period. In addition, the Group entered into strategic cooperation agreements with PICC Group and North Star Asian Games Villiage Auto Trade Market, realizing three guarantees on parallel import of automobiles for the Group. In terms of sales channels, the Group has established exhibition centers for parallel imported automobiles in Shanghai Free Trade Zone, Jiangsu Zhangjiagang Free Trade Zone and North Star Asian Games Villiage Auto Trade Market. With further development and expansion of business and in order to give extra convenience and better experience to consumers, the Group will also set up parallel trading company and exhibition center for parallel imported automobiles in Tianjin Free Trade Zone. Meanwhile, the Group established our first 4S store of BJEV in Shanghai in December 2014; during the Period Under Review, the 4S store made significant operational breakthrough with growth rate far higher than dealership stores of other traditional brands. More importantly, the successful opening and operation of such 4S store has laid a solid foundation for the Group in terms of market and talents, thereby providing a solid basis for the Group's future development in new energy automobile business.

ACTIVELY FACING DECLINE IN RESULTS, ENDEAVOURING TO EXPLORE GROWTH POTENTIAL AND MAKING CONTINUOUS EFFORTS IN STRENGTHENING THE COMPETITIVENESS IN KEY AREAS AND KEY BRANDS

The Group's results during the Period Under Review has declined compared with the same period of last year due to the downturn in the automobile market. The management believes that the market recession is only temporary and automobile manufacturers are also adjusting the relevant policies, including cutting prices and making reasonable production arrangements. Meanwhile, the management of the Group has adjusted the pace of purchase of various brands and stores during the Reporting Period in line with the market condition, and has actively developed the new energy automobile business, which at the present stage generates higher profit, and promoted parallel import business in order to ensure sufficient cash flow and profit maximization.

During the Period Under Review, revenue from new automobile sales was RMB6,410 million, representing a 5.6% year-on-year decrease, among which, revenue from sales of luxury and ultra-luxury automobiles reached approximately RMB4,730 million, representing a 3.7% year-on-year decrease. In terms of sales volume, during the Reporting Period, the Group sold a total of 27,319 automobiles, 309 less than 27,628 recorded in the same period of 2014, representing a decrease of 1.1%.

Based on the above data, although the Group experienced relatively large year-on-year decrease in sales of new automobiles, the results of the Period Under Review is similar to the second half of last year. We believe that we are able to hold back the decline due to the following reasons: (1) in the face of the ever-changing market environment, the Group has adjusted the pace of purchase of each stores in accordance with the market changes of different brands and regions in order to secure larger market share and higher revenue of brands and in regions that are developing well, while the pace of purchase in regions and brands where more significant decrease was recorded would be slowed down in a timely manner to relieve the inventory pressure; (2) the Group has actively maintained effective communications with various automobile manufacturers to give timely feedbacks on market information and has, at the same time, reinforced coordinated marketing efforts with manufacturer of different brands and timely introduced marketing strategies tailored to specific regions and clients based on the guiding marketing opinions from manufacturers and the particular conditions of different stores with an aim to enhance the efficiency of marketing campaigns and reduce marketing costs; and (3) in order to maintain sufficient cash flow of the Group as a whole and maximize profits, the Group has been actively developing new businesses with greater growth potential and higher profitability to compensate the losses from the declining traditional businesses. As mentioned above, during the Period Under Review, the Group has been actively developing new energy automobile and automobile parallel import businesses and managed to achieve significant progress in merely half a year. To take new energy automobile as an example, although the Group has only one new energy automobile 4S store that has only been operating for only half a year, its growth is significant. Therefore, we believe that through continuous investment in new energy automobiles by the Group for a period of time in the future, the growth of new energy automobiles will be more than enough to offset the adverse impact brought by the decline in sales of traditional automobiles market.

Based on the above, we believe that through its multi-faceted measures, the Group's sales of new automobiles are gradually improving.

In addition, the Group has always believed that an intensive business coverage in key areas is beneficial to promoting the coordination between various dealership stores of the Group and also favorable in enhancing the bargaining power, reducing operation costs and improving profitability in the key areas. To further strengthen its strategic deployment in the key markets of prosperous eastern coastal area while striving for a more reasonable brand mix for the Company, the Group has made a strategic step in acquiring 8 stores from various independent third parties in the first half of 2015, including 1 Audi store, 2 BMW stores, 1 Buick store, 1 Chrysler store, 1 FAW-Volkswagen store and 2 Shanghai-Volkswagen stores. Among the above 8 stores, 4 are located in Jiangsu Province and the remaining 4 in Shandong Province. We believe that such selective acquisitions will strengthen the Group's strategic advantages in these provinces and along with the Group's existing networks in such provinces, our brand recognition and customer loyalty could be significantly enhanced. As at June 30, 2015, the Group operated a total of 73 automobile dealership stores, of which 48 are located in Jiangsu Province, 14 in Shandong Province, 7 in Shanghai, 3 in Zhejiang Province and 1 in Anhui Province.

As at June 30, 2015, the distribution of the Group's brands is as follows:

	Brand	Number of stores
Luxury and ultra-luxury brands	Maserati and Ferrari	4
	BMW and MINI	26
	Jaguar & Land Rover	7
	Lexus	1
	Cadillac	2
	Audi	4
Mid- to high-end brands	Chrysler, Buick, Hyundai, Ford, Chevrolet, FAW-Volkswagen, Shanghai-Volkswagen, Kia, Dongfeng Honda, GAC-Honda, FAW-Toyota, GAC-Toyota, Toyota, Dongfeng Nissan, Zhengzhou Nissan and BJEV	29
Total		73

MORE SIGNIFICANT CONTRIBUTION FROM AFTER-SALES SERVICES

The Group has established a service chain for the whole consumption cycle of automobile, with comprehensive and all-encompassing after-sales service and value-added service capabilities. The after-sales services of the Group include automobile repairs and maintenance, sales of automobile spare parts, accessories and other automobile-related products and extended warranties. In addition, the Group also provided a wide scope of automobile related value-added services, including the provision of financing consultation services for automobile purchase, automobile insurance agency services, financial leasing services and promotion services of second-hand car trading.

As a result of the continuous rise in ownership and revenue contribution of luxury and ultra-luxury automobile, the after-sales service business of the Group recorded a rapid growth. During the Reporting Period, (i) revenue from our after-sales business amounted to approximately RMB930 million, representing a 16.6% year-on-year increase and accounting for 12.7% of the Group's total revenue (for the six months ended June 30, 2014: 10.5%); and (ii) gross profit of our after-sales business amounted to RMB400 million, representing a 15.2% increase compared with the same period in 2014 while gross profit margin of after-sales business was 43.5% (for the six months ended June 30, 2014: 44.1%).

The Group believes that the market demand for after-sales service and value-added service will continue to rise due to the continuous increase in automobile ownership in our key business areas.

CONTINUOUSLY INNOVATING OPERATION MODEL

On the basis of our existing advanced CRM system and efficient ERP management system, the Group has been continuously promoting the construction of information management. Through continuous upgrade of information management level, the Group is now capable of collecting, analyzing and sieving customer data efficiently and precisely as well as developing various tailor-made sales campaigns efficiently based on customer data and market guidance with the combination of high-density network layout, thereby achieving satisfactory sales results with relatively low marketing cost.

Through continuous innovation of operation model, the number of existing customers of the Group has increased from 323,000 as of December 31, 2014 to 399,000 as at June 30, 2015. As at June 30, 2015, our customer database had information of 654,000 customer leads (i.e., potential customers accessed by our marketing platform), increased by 27% compared to 515,000 as at December 31, 2014.

In order to actively respond to the emerging Internet consumption model, the Group has timely established an independent e-commerce team during the Reporting Period. Through building an independent e-commerce team and integrating with the existing information system of the Group, e-commerce has been gradually transformed from mere advertisement display in the beginning to channelling of customer source, upgrading of sales and service experience, and boosting of sales and satisfaction level of customers, which in turn helped achieve the Group's full coverage of online and offline sales services. Meanwhile, the establishment of an independent e-commerce team has also laid the foundation and provided a platform for the Group to develop a diversified operation model in the future.

AWARDS AND RECOGNITION

During the Reporting Period, the Group was awarded with the honours of "Demonstrative Unit in Creating Hearty Consumption Activities in Jiangsu", "2014 Model Enterprise in the Industry in Xuzhou City" and "19th Ranking among Top 100 Chinese Automobile Dealership Group in 2014" attributing to its outstanding services, which demonstrated the outstanding performance of the Group's automobile dealership business.

OUTLOOK AND STRATEGY

Looking into the second half of 2015, the growth of domestic new automobile sales is expected to slow down under the new normal state of China's economy. Nevertheless, the rapid increase in automobile ownership will lead automobile after-sales market and related businesses into rapid development stage. On the other hand, the idea of "Internet + Automobile" will reform the service model, and the commercial model of online and offline interaction will show enormous commercial potential. We believe that, upon the completion of investment by Greenland Holdings, the Group will have a larger development platform and embrace new development opportunities.

In terms of traditional automobile sales, while insisting in centering on the authorized operation model, the Group will actively develop new automobile sales and after-sales businesses and explore new business without changing the existing operation model. Meanwhile, with a view to maximizing profit through expanding business scale, the Group will grasp the current opportunity of the relatively low asset value to seek for opportunities of investment, merger and acquisition through establishing industrial development fund. In order to further optimize brand structure and strengthen our leading positions in target areas, we will continue to focus our brand development efforts on ultra-luxury and luxury brands with model of joint ventures of mid- to high-end mainstream brands as supplement. In terms of geographical development, the Group will place its priority on strengthening its business presence in prosperous coastal areas in Eastern China while generating synergistic effects by following geographical layout of Greenland Holdings, thereby building up an intensive service network and laying the foundation of dealership network for the development of new businesses.

In the meantime, the Group will leverage on the superior resources of Greenland Holdings to further implement the strategic cooperation memorandum signed by Greenland Financial Holdings, Greenland E-Commerce and the Group as well as actively developing the related business. First of all, all parties will jointly promote the development of automobile financial leasing business and automobile financial services business; Greenland Financial Holdings will also provide support to the Company in areas such as financing costs, credit and financing channels. Secondly, subject to the national laws, policies and the Rules Governing the Listing of Securities on the Stock Exchange (the "**Stock Exchange**") (the "**Listing Rules**"), the parties will establish a strategic cooperative relationship in e-commerce business and draw on the superior resources of each party to promote multi-dimensional, all-faceted and all-encompassing cooperation. In addition, with the support of Greenland Holdings, we will further expand the new energy automobile, electric automobile and hybrid automobile markets, develop the sales and after-sales services businesses of new energy automobiles and expand the sales network in accordance with the network layout of new energy automobile manufacturers and supporting policies implemented by local governments.

Moreover, with the continuous rise in automobile ownership, after-sales and automobile related value-added services will always be one of the focuses of our future business development given the sustaining income, relatively high profitability, relatively huge growth potential and capability of sustainable development offered by such businesses. We will continue to take advantage of our strong capability in customer management, leading positions in regional markets and our established platforms and marketing channels to pursue continuous development of a variety of automobile related value-added services, including second-hand car trading services, extended warranties services, neighbourhood fast repair services as well as automobile purchase financing consultation, financial leasing and insurance agency.

In order to further improve our operational capability and maintain strong market competitiveness, the Group will, as always, strengthen its staff training programs. We will further improve our information management ability and management capability, optimize performance incentive measures, improve operation and management efficiency and effectively reduce management costs through effective staff assessment with informatised measures.

We believe that through the strategic cooperation with Greenland Holdings, continuous expansion of scale, improvement of operation and development of innovative businesses, the Group will realize its goal of expanding the scale of automobile financial business with automobile sales and services as its core through capital operation, industry and financing integration and internet innovation.

FINANCIAL REVIEW

REVENUE

For the Period Under Review, we recorded revenue of RMB7,340.6 million, representing a decrease of approximately 3.3% compared to the same period in 2014. The decrease was primarily attributable to the continuous downturn of China's macro-economy as a whole which leaves limited room for optimistic forecast, a lack of consumer confidence, a substantial number of consumers putting off spending which resulted in decrease in market demand, widespread official price cut by major vehicle companies, the fading appeal of new automobiles and intensifying competition among dealers; revenue from automobile sales decreased by RMB382.1 million or 5.6% as compared with the same period in 2014.

The table below sets out the Group's revenue for the Reporting Period and the corresponding period in 2014.

	Unaudited For six months ended June 30, 2015		Unaudited For six months ended June 30, 2014		1H2015 VS. 1H2014
Revenue Source	***Revenue (RMB'000)***	***Contribution (%)***	*Revenue (RMB'000)*	*Contribution (%)*	Change (%)
New automobile sales	**6,410,704**	**87.3**	6,792,807	89.5	(5.6)
After-sales business	**929,877**	**12.7**	797,229	10.5	16.6
Total	**7,340,581**	**100**	7,590,036	100	(3.3)

Revenue from the sales of automobiles decreased by RMB382.1 million during the Period Under Review compared to the same period in 2014, mainly attributable to the year-on-year decrease in sales revenue from new automobiles of the Group during the Reporting Period as a result of the continuous downturn of China's economy as a whole, widespread official price cut by major vehicle companies and fading appeal of new automobiles which dampened market demand. Automobile sales accounted for 87.3% of our revenue during the Period Under Review. Revenue generated from the sales of luxury and ultra-luxury brands and mid- to high-end market brands accounted for approximately 73.8% (for the six months ended June 30, 2014: 72.3%) and 26.2% (for the six months ended June 30, 2014: 27.7%), respectively, of our revenue from the sales of automobiles.

Revenue from our after-sales business increased by 16.6% from RMB797.2 million for the six months ended June 30, 2014 to RMB929.9 million for the same period in 2015. In general, the continuous increase of the Group's after-sales revenue was attributable to the increase in car ownership among the customer base of luxury and ultra-luxury automobiles and the continuous increase in contribution from such sector. Specifically, the increase in revenue from our after-sales and other service businesses was attributable to (i) our newly established stores which continuously meet the targets on after-sales and other services; (ii) our increased focus on servicing luxury and ultra-luxury automobiles, for which we generally charge higher price than for mid- to high-end automobiles; and (iii) the further increase in proportion of revenue attributable to after-sales business, up from 10.5% for the same period last year to 12.7% during the Reporting Period.

COST OF SALES AND SERVICES

Our cost of sales and services for the six months ended June 30, 2015 decreased by 2.7%, from RMB6,862.2 million for the same period in 2014 to RMB6,678.9 million, and such decrease was in line with a decline in sales throughout the Period Under Review.

The cost of sales and services attributable to our automobile sales business amounted to RMB6,153.7 million for the Period Under Review, representing a decrease of RMB262.9 million, or 4.1%, from the same period in 2014. The cost of sales attributable to our after-sales business amounted to RMB525.2 million for the six months ended June 30, 2015, representing an increase of RMB79.6 million, or 17.9%, from the same period in 2014.

GROSS PROFIT AND GROSS PROFIT MARGIN

Gross profit for the Period Under Review was RMB661.7 million, representing a decrease of RMB66.1 million, or 9.1%, from the same period in 2014. Gross profit from automobile sales decreased by 31.7% from RMB376.2 million for the six months ended June 30, 2014 to RMB257.0 million for the same period in 2015, of which RMB198.0 million were from the sales of luxury and ultra-luxury automobiles. Gross profit from after-sales business increased by 15.2% from RMB351.2 million for the six months ended June 30, 2014 to RMB404.7 million for the same period in 2015. Automobile sales and after-sales businesses contributed 38.9% and 61.1%, respectively, to our total gross profit for the Period Under Review.

Gross profit margin for the six months ended June 30, 2015 was 9.0%, lower than the gross profit margin of 9.6% in the same period in 2014, of which the gross profit margin of automobile sales was 4.0%, compared to 5.5% of the same period in 2014, and that of after-sales business was 43.5% compared to 44.1% of the same period in 2014. The decrease in gross profit margin was mainly attributable to falling demand in the new automobile sales market, widespread official price cut by major vehicle companies and intensifying competition among dealers, which dragged down the profitability of the whole industry.

OTHER INCOME AND NET GAINS

Other income and net gains decreased slightly from RMB122.3 million from the six months ended June 30, 2014 to RMB117.5 million for the same period in 2015, yet partially offset by a decrease in our commission income from RMB93.2 million for the six months ended June 30, 2014 to RMB71.1 million for the same period of 2015 and an increase in the advertisement support received from automobile manufacturers from RMB16.4 million for the six months ended June 30, 2014 to RMB29.3 million for the same period of 2015. The decrease in commission income was mainly due to shrinking commission of related services due to the decline of the new automobile sales business.

PROFIT FROM OPERATIONS

As a result of the foregoing, our profit from operations decreased by 38.3% from RMB284.2 million for the six months ended June 30, 2014 to RMB175.4 million in the same period of 2015.

PROFIT FOR THE REPORTING PERIOD

As a result of the cumulative effect of the foregoing, our profit decreased by 46.3% from RMB203.2 million for the six months ended June 30, 2014 to RMB109.2 million in the same period of 2015.

LIQUIDITY AND CAPITAL RESOURCES

CASH FLOW

As at June 30, 2015, our cash and cash equivalents amounted to RMB834.7 million, representing a decrease of 22.2% from RMB1,072.2 million as at December 31, 2014.

Our primary uses of cash were payment for purchases of new automobiles, spare parts and automobile accessories, and funding of working capital and daily operating expenses. We financed our liquidity requirements through a combination of bank loans and other borrowings and cash flows generated from our operating activities.

Going forward, we believe that our liquidity requirements will be satisfied by using a combination of bank loans and other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time. For the Reporting Period, net cash used in our operating activities, net cash used in our investing activities, and net cash generated from our financing activities were RMB720.5 million (for the six months ended June 30, 2014: RMB456.4 million of net cash generated from our operating activities), RMB181.6 million (for the six months ended June 30, 2014: RMB659.4 million), and RMB664.2 million (for the six months ended June 30, 2014: RMB317.1 million of net cash generated from our financing activities), respectively.

NET CURRENT LIABILITIES

We had net current liabilities of RMB2,407.9 million as at June 30, 2015 compared with net current liabilities of RMB1,474.7 million as at December 31, 2014. This increase was mainly due to the acquisition of 8 stores during the Reporting Period which incurred current liabilities of their own and the repayment of long-term borrowings due for payment with a portion of cash generated from operating activities. As at June 30, 2015, we had unutilized bank facilities available for use of approximately RMB1,750.3 million. Our directors believe that with the loan facilities available for use, the expected acquisition of long-term financing tools from the capital market and the rising sales from our relatively new dealership stores, our liquidity position will improve in the future.

CAPITAL EXPENDITURE

Our capital expenditures primarily comprise expenditures on property, plant and equipment, land use rights and intangible assets. During the Period Under Review, our total capital expenditure was RMB209.8 million (for the six months ended June 30, 2014: RMB719.8 million).

INVENTORY

Our inventory primarily consisted of new automobiles and, to a lesser extent, spare parts, accessories and original brand merchandise. Each of our automobile dealership stores has dedicated staff to manage their orders for new automobiles and after-sales products.

Our inventory decreased by 4.9% from RMB1,899.7 million as at December 31, 2014 to RMB1,807.0 million as at June 30, 2015, primarily due to the slowdown in pace of purchase by the Group in line with the flagging market demand to reduce inventory level. Our average inventory turnover days in the Period Under Review increased to 49.9 days from 47.3 days in the same period in 2014.

BANK LOANS AND OTHER BORROWINGS

As at June 30, 2015, the Group's available and unutilized banking facilities amounted to approximately RMB1,750.3 million (December 31, 2014: RMB1,768.4 million).

Our bank loans and other borrowings as at June 30, 2015 were RMB5,193.1 million, representing an increase of RMB1,259.1 million from RMB3,934.0 million as at December 31, 2014. The additional loans were mainly used to meet the demand for working capital.

INTEREST RATE RISK AND FOREIGN EXCHANGE RATE RISK

The Group currently has not used any derivatives to hedge interest rate risk. The Group's businesses are operated in Mainland China and all transactions are conducted in RMB. Most of the Group's assets and liabilities are denominated in RMB. The Group's assets and liabilities denominated in US$ and HK$ are mainly held by certain subsidiaries incorporated outside Mainland China which have US$ as their functional currencies.

The Group did not have any material foreign currency transactions in Mainland China during the Period Under Review, thus the Group had minimal exposure of foreign exchange rate risk. We did not use any derivative financial instruments to hedge our exposure to the foreign exchange rate risk during the Period Under Review.

GEARING RATIO

Our gearing ratio (defined as total interest-bearing bank and other borrowings divided by total equity as at the respective period-end dates and multiplied by 100%) as at June 30, 2015 was 280.7% (December 31, 2014: 226.1%).

HUMAN RESOURCES

As at June 30, 2015, the Group had approximately 5,093 employees (December 31, 2014: 4,400). Total staff costs for the Period Under Review, Directors' remuneration excluded, were approximately RMB191.9 million (for the six months ended June 30, 2014: RMB166.2 million).

The Group attaches great importance to the recruitment and training of quality personnel. We implement remuneration policy, bonus and long-term incentive schemes with reference to the performance of the Group and individual employees. The Group also provides insurance, medical, retirement funds and other benefits to employees to sustain competitiveness of the Group.

CONTINGENT LIABILITIES

As at June 30, 2015, we did not have any material contingent liabilities or guarantees. As at June 30, 2015, save as otherwise disclosed in the prospectus, and apart from intra-group liabilities, we did not have any bank overdrafts or other similar indebtedness, hire purchase commitments, guarantees or other material contingent liabilities, or debt securities. We are not currently involved in any material legal proceedings, nor are we aware of any pending or potential material legal proceedings against us. If we were involved in such material legal proceedings, we would record any loss or contingency when a loss is likely to be incurred and the amount of the loss can be reasonably estimated based on data then available.

PLEDGE OF THE GROUP'S ASSETS

The Group pledged its assets as securities for bank loans, other borrowings and banking facilities which were used to finance daily business operation. As at June 30, 2015, the pledged assets of the Group amounted to approximately RMB2,153.5 million.

CHANGES SINCE DECEMBER 31, 2014

Save as disclosed in this interim report, there were no other significant changes in the Group's financial position or the information disclosed under Management Discussion and Analysis in the annual report for the year ended December 31, 2014.

Corporate Governance and Other Information

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As of the date of this interim report, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong) (the "**SFO**") as recorded in the register required to be kept by the Company under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") were as follows:

INTEREST IN SHARES OR UNDERLYING SHARES OF OUR COMPANY

Name of Director/ Chief Executive	Nature of Interest	Number of Shares or underlying shares[1]	Approximate percentage of shareholding interest
Yang Peng[2]	Interest of controlled corporation	1,089,185,598 (L)	115.08%
Liu Dongli[3]	Beneficiary of a trust	8,920,708 (L)	0.94%
Zhao Zhongjie[3]	Beneficiary of a trust	9,166,878 (L)	0.97%
Liu Jian[3]	Beneficiary of a trust	5,728,094 (L)	0.61%
Li Xiang[3, 4]	Beneficiary of a trust	166,719 (L)	0.02%
Yan Sujian[3]	Beneficiary of a trust	5,601,094 (L)	0.59%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Mr. Yang Peng as the custodian of the Run Feng family trust is deemed to be interested in the Shares held as he has the power to appoint and remove, and to amend the rights of, the trustee to the Run Feng family trust, currently being HSBC International Trustee Limited.

(3) The Shares were held by Runda (PTC) Limited ("**Runda**"), which is a private trust company incorporated under the laws of the British Virgin Islands and one of the shareholders of the Company. Runda is a trustee of China Auto Retail Holding Group Ltd Option Trust, a discretionary trust under which Liu Dongli, Zhao Zhongjie, Liu Jian, Li Xiang and Yan Sujian are eligible beneficiaries.

(4) Mr. Li Xiang ceased to be a Director on August 14, 2015.

Save as disclosed above, as at the date of this interim report, none of the Directors, the chief executives of the Company and their respective associates had any interests and short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of the Company required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS DISCLOSEABLE UNDER THE SFO

As at the date of this interim report, the interests or short positions of substantial shareholders (other than the Directors or the chief executives of the Company whose interests and short positions in the shares of the Company and of its associated corporations (within the meaning of Part XV of the SFO) as set out below) who had 5% or more interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be maintained by the Company under Section 336 of the SFO were as follows:

Name of Shareholder	Nature of Interest	Number of Shares[1]	Approximate percentage of shareholding interest
Yang Peng	Interest in controlled corporation	1,089,185,598 (L)	115.08%
Greenland Holdings Corporation Limited (formerly known as Greenland Holding Group Company Limited)	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Rundong Fortune Investment Limited [2]	Beneficial owner	1,052,286,747 (L)	111.18%
HSBC International Trustee Limited [2]	Trustee	1,052,286,747 (L)	111.18%
Cheerful Autumn Holdings Limited [2]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Greenland Financial Overseas Investment Group Co., Ltd. (綠地金融海外投資集團有限公司)	Beneficial owner	1,052,286,747 (L)	111.18%
Rue Feng Holdings Limited [2]	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Greenland Financial Holdings Group Co., Ltd (綠地金融投資控股集團有限公司)	Interest in controlled corporation	1,052,286,747 (L)	111.18%
Central Huijin Investment Ltd. [4]	Person having a security interest in shares	358,480,409 (L)	37.88%
China Construction Bank Corporation [4]	Person having a security interest in shares	358,480,409 (L)	37.88%
KKR & Co. L.P. [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Associates China Growth L.P. [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR China Auto Retail Holding Ltd I [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR China Auto Retail Holding Ltd II	Beneficial owner	280,000,000 (L)	29.58%
KKR China Growth Fund L.P. [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR China Growth Limited [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Fund Holdings GP Limited [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Fund Holdings L.P. [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Group Holdings L.P. [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Group Limited [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
KKR Management LLC [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
Kravis Henry Robert [3]	Interest in controlled corporation	280,000,000 (L)	29.58%
Roberts George R. [3]	Interest in controlled corporation	280,000,000 (L)	29.58%

Notes:

(1) The letter "L" denotes the person's long position in such shares.

(2) Rundong Fortune Investment Limited is the wholly-owned subsidiary of Cheerful Autumn Holdings Limited, which is wholly-owned by Rue Feng Holdings Limited, which in turn is legally owned by the trustee to the Run Feng family trust (being HSBC International Trustee as at the date of this interim report) for the benefit of the beneficiaries of the Run Feng family trust. Mr. Yang Peng, being the custodian of the Run Feng family trust, has the power to appoint and remove, and to amend the rights of, the trustee to the Run Feng family trust.

(3) Each of KKR China Auto Retail Holding Ltd. I (as the sole shareholder of KKR China Auto Retail Holding Ltd II), KKR China Growth Fund L.P. (as the controlling shareholder of KKR China Auto Retail Holding Ltd. I), KKR Associate China Growth L.P. (as the general partner of KKR China Growth Fund L.P.), KKR China Growth Limited (as the general partner of KKR Associates China Growth L.P.); KKR Fund Holdings L.P. (as the sole shareholder of KKR China Growth Limited), KKR Fund Holdings GP Limited (as a general partner of KKR Fund Holdings L.P.), KKR Group Holdings L.P. (as a general partner of KKR Fund Holdings L.P. and the sole shareholder of KKR Fund Holdings GP Limited), KKR Group Limited (as the general partner of KKR Group Holdings L.P.), KKR & Co. L.P. (as the sole shareholder of KKR Group Limited), KKR Management LLC (as the general partner of KKR & Co. L.P.) and Mr. Henry R. Kravis and Mr. George R. Roberts (as designated members of KKR Management LLC) is deemed to be interested in the Shares. Mr. Henry R. Kravis and Mr. George R. Roberts disclaim beneficial ownership of the Shares.

(4) Pursuant to a deed of charge, Rundong Fortune Investment Limited has pledged certain Shares in favour of Cheer Hope Holding Limited, which is wholly controlled by CCBI Investments Limited, which is wholly controlled by CCB International (holding) Limited, which is wholly controlled by CCB Financial Holdings Limited, which is wholly controlled by CCB International Group Holding Limited, which is wholly controlled by China Construction Bank Corporation, which is in turn 57.26% controlled by Central Huijin Investment Ltd.

Saved as disclosed above, the Company has not been notified of any other interests or short positions in the shares or underlying shares representing 5% or more of the issued share capital of the Company as at June 30, 2015.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

For the six months ended June 30, 2015 and on or before the date of this interim report, save as disclosed in the "Management Discussion and Analysis" of this interim report, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

The Company has adopted the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") as set out in Appendix 14 to the Listing Rules. Throughout the six months ended June 30, 2015, the Company has fully complied with the code provisions set out in the CG Code, except for the deviation from code provision A.2.1. This code provision provides that the roles of chairman and chief executive officer shall be separate and shall not be performed by the same individual. The Company has appointed Mr. Yang Peng as both the Chairman and the president (an equivalent position to a chief executive officer) of the Company. The Board believes that vesting the roles of the Chairman and president in the same individual would enable the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. The Board believes that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors. The Board shall review the structure and composition of the Board from time to time in light of prevailing circumstances to maintain a high standard of corporate governance practices of the Company.

Corporate Governance and Other Information

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions of the Directors. Specific enquiry has been made to all the Directors who have confirmed that they have complied with the Model Code for the six months ended June 30, 2015.

The Board has also adopted the Model Code as guidelines for its relevant employees who are likely to be in possession of unpublished inside information of the Company in respect of their dealings in the securities of the Company. No incident of non-compliance of the Model Code by the relevant employees was noted by the Company.

CHANGE IN DIRECTORS' INFORMATION

Changes in Directors' information since the disclosure made in the 2014 annual report of the Company, that are required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules, are set out below:

With effect from August 14, 2015, each of Mr. Li Xiang (李祥先生) and Mr. Liu Haifeng David (劉海峰先生) has resigned from the position as an executive Director and a non-executive Director respectively, and each of Mr. Wu Zhengkui (吳正奎先生) and Mr. Li Wei (李偉先生) has been appointed as a non-executive Director. Mr. Li Xiang and Mr. Liu Haifeng have confirmed that they have no disagreement with the Board and there is no other matter that needs to be brought to the attention of the shareholders of the Company in relation to their resignation and that they have no claims against the Group whether by way of compensation, severance payments, expenses, damages or otherwise.

Particulars of each of Mr. Wu Zhengkui and Mr. Li Wei are set out below.

Mr. Wu Zhengkui, aged 40, is an accountant as approved by the Ministry of Finance of the PRC in May 2004. Mr. Wu obtained a degree of master in accounting from Fudan University in June 2008. He has approximately 13 years' experience in business management.

Mr. Wu has been the director of Rundong Auto Group Co., Ltd., an indirect wholly-owned subsidiary of the Company, since August 2015. He is currently the deputy general manager of the finance department of Greenland Holdings. Mr. Wu joined Greenland Holdings in January 2002, and has held various positions in Greenland Holdings, including serving as finance manager, director and supervisor of subsidiaries of Greenland Holdings and assistant general manager of the finance department of Greenland Holdings. Mr. Wu has been a director of Greenland Hong Kong Holdings Limited (Hong Kong stock code: 0337), a company listed on the Main Board of the Stock Exchange, since August 27, 2013, and a supervisor of Orient Securities Company Limited (Shanghai stock code: 600958), a company listed on the Shanghai Stock Exchange, since October 29, 2014. Mr. Wu was an employee at Jiangsu Tianneng Group Corporation (江蘇天能集團公司) from September 1998 to December 1999. He also held the position of accountant at Kunshan Nanfang Chemical Factory (昆山市南方化工廠) from January 2000 to February 2001.

The Company has entered into a letter of appointment with Mr. Wu for a term of one year commencing from August 14, 2015. His term of office is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the articles of association of the Company. Mr. Wu is not entitled to any director's fee, remuneration or bonus.

As at the date of this interim report, Mr. Wu does not have any interest in shares of the Company or its associated corporations within the meaning of Part XV of the SFO. He does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Group.

Save as disclosed above, (1) Mr. Wu does not at present, and did not in the last three years (A) hold any directorships in any other public companies, the securities of which are listed in Hong Kong or overseas; (B) hold any other position in the Company or its subsidiaries; and (2) there is no information of Mr. Wu that is discloseable nor is/was Mr. Wu involved in any matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There are no other matters concerning the proposed appointment of Mr. Wu that need to be brought to the attention of the shareholders of the Company.

Mr. Li Wei, aged 41, obtained a degree of doctor in business management from Shanghai University of Finance and Economics in March 2004. He has approximately 12 years' experience in business management.

Mr. Li has been the director of Rundong Auto Group Co., Ltd., an indirect wholly-owned subsidiary of the Company, since August 2015. Mr. Li has also been a supervisor of Greenland Holdings Corporation Limited (綠地控股股份有限公司) (formerly known as Shanghai Jinfeng Investment Co., Ltd.) (Shanghai stock code: 600606), a company listed on the Shanghai Stock Exchange and the ultimate parent company of the Subscriber, since August 2015. He is currently the executive deputy general manager of the strategic planning and business management department of Greenland Holdings. He joined Greenland Holdings in September 2003 and has held a number of positions including chief business manager and deputy general manager of the strategic planning and business management department of Greenland Holdings. Mr. Li was the assistant manager at DTZ Debenham Tie Leung International Property Advisers (Shanghai) Co., Ltd. from July 2002 to July 2003.

The Company has entered into a letter of appointment with Mr. Li for a term of one year commencing from August 14, 2015. His term of office is subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles. Mr. Li is not entitled to any director's fee, remuneration or bonus.

As at the date of this interim report, Mr. Li does not have any interest in the shares of the Company or its associated corporations within the meaning of Part XV of the SFO. He does not have any relationship with any other Directors, senior management or substantial or controlling shareholders of the Group.

Save as disclosed above, (1) Mr. Li does not at present, and did not in the last three years (A) hold any directorships in any other public companies, the securities of which are listed in Hong Kong or overseas; (B) hold any other position in the Company or its subsidiaries; and (2) there is no information of Mr. Li that is discloseable nor is/was Mr. Li involved in any matters required to be disclosed pursuant to any of the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules. There are no other matters concerning the proposed appointment of Mr. Li that need to be brought to the attention of the shareholders of the Company.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2015 (for the six months ended June 30, 2014: nil).

Corporate Governance and Other Information

AUDIT COMMITTEE REVIEW

Pursuant to the requirement of the CG Code and the Listing Rules, the Company has established an audit committee (the "**Audit Committee**"), comprising two independent non-executive Directors, being Mr. Lee Conway Kong Wai (Chairman) and Mr. Peng Zhenhuai, and one non-executive Director, being Mr. Yan Sujian.

The Audit Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial statements of the Group for the Period Under Review.

PRE-IPO SHARE OPTION SCHEME

In recognition of the contributions of certain Directors, senior management and employees of our Group to the growth and development of business and the listing of the Group, our Group has implemented a share option scheme on September 27, 2011 (the "**Pre-IPO Share Option Scheme**"). For more information, please refer to the section headed "History and Reorganization — Establishment of the Employee Pre-IPO Trust" of the prospectus of the Company.

The details of the change in the Pre-IPO Share Option Scheme for the six months ended June 30, 2015 are as follows:

					Number of share options						
Type of participant	Date of grant	Exercise period	Vesting period	Exercise price per Share	Outstanding as at January 1, 2015 (Note 3)	Granted during the Reporting Period	Exercised during the Reporting Period	Cancelled during the Reporting Period	Lapsed/ forfeited during the Reporting Period	Expired during the Reporting Period	Outstanding as at June 30, 2015 (Note 3)
Employees	November 15, 2011	Note 1	Note 2	US$0.3573	7,375,608	–	–	–	103,740	–	7,271,868

Note 1: Each grantee to whom a share option has been granted shall be entitled to exercise his/her share option in such manner as set out below:

Exercise date	Maximum cumulative percentage of the vested share options exercised
The date after the first anniversary of the Listing Date but before the second anniversary of the Listing Date	30%
The date after the second anniversary of the Listing Date but before the third anniversary of the Listing Date	60%
The date after the third anniversary of the Listing Date but before the fourth anniversary of the Listing Date	80%
The date after the fourth anniversary of the Listing Date	100%

Note 2: The Pre-IPO Share Options shall be vested in accordance with the following schedule (the "Vesting Date"):

i. if a grantee is employed on or before December 31, 2011, the Vesting Date shall be March 31 of every year commencing 2012;

ii. if a grantee is employed from January 1, 2012 to December 31, 2012, the Vesting Date shall be March 31 of every year commencing 2013; and

iii. if a grantee is employed from January 1, 2013 to December 31, 2013, the Vesting Date shall be March 31 of every year commencing 2014.

Note 3: Outstanding share options means granted share options for accounting purpose (being vested share options) together with unvested share options excluding any lapsed/forfeited share options.

After the expiry of the duration of the Pre-IPO Share Option Scheme, no further Pre-IPO Share Options shall be offered but in all other respects the provisions of the Pre-IPO Share Option Scheme shall remain in force. The Pre-IPO Share Options (to the extent not already exercised) granted prior to such expiry shall continue to be valid and exercisable until November 15, 2021.

SHARE OPTION SCHEME

On July 23, 2014, the shareholders of the Company approved and adopted a share option scheme (the "**Share Option Scheme**") conditionally upon the approval by the Stock Exchange of the listing of, and permission to deal in, any Shares to be allotted and issued pursuant to the exercise of options under the Share Option Scheme. The Company received such approval from the Stock Exchange on August 11, 2014.

During the six months ended June 30, 2015, no option has been granted or agreed to be granted by the Company under the Share Option Scheme. The Share Option Scheme has been terminated since August 14, 2015.

Report on Review of Interim Condensed Consolidated Financial Statements

EY 安永

To the board of directors of
China Rundong Auto Group Limited
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the interim condensed consolidated financial statements set out on pages 25 to 48, which comprise the condensed consolidated statement of financial position of China Rundong Auto Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") as of 30 June 2015 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and Hong Kong Accounting Standard 34 "Interim Financial Reporting" ("HKAS 34") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

The directors of the Company are responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with HKAS 34. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review. Our report is made solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

SCOPE OF REVIEW

We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *"Review of Interim Financial Information Performed by the Independent Auditor of the Entity"* issued by the HKICPA. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not presented, in all material respects, in accordance with HKAS 34.

Ernst & Young
Certified Public Accountants
22/F,CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong
28 August 2015

Unaudited Interim Condensed Consolidated Statement of Profit or Loss

For the six months ended 30 June 2015

	Notes	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
REVENUE	4(a)	**7,340,581**	7,590,036
Cost of sales	5(b)	**(6,678,889)**	(6,862,195)
Gross profit		**661,692**	727,841
Other income and gains, net	4(b)	**117,474**	122,326
Selling and distribution costs		**(209,814)**	(181,811)
Administrative expenses		**(207,313)**	(207,321)
Other expenses		**(2,393)**	(6,341)
Finance costs	6	**(184,250)**	(170,510)
Profit before tax	5	**175,396**	284,184
Income tax expense	7	**(66,154)**	(80,952)
Profit for the period		**109,242**	203,232
Profit for the period attributable to:			
Owners of the parent		**106,693**	196,858
Non-controlling interests		**2,549**	6,374
		109,242	203,232
Earnings per share attributable to ordinary equity holders of the parent:			
Basic (RMB)	8	**0.10**	0.25
Diluted (RMB)	8	**0.10**	0.24

Unaudited Interim Condensed Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2015

	2015 *RMB'000* (Unaudited)	2014 *RMB'000* (Unaudited)
Profit for the period	**109,242**	203,232
Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**351**	(105)
Total comprehensive income for the period, net of tax	**109,593**	203,127
Total comprehensive income for the period attributable to:		
Owners of the parent	**107,044**	196,753
Non-controlling interests	**2,549**	6,374
	109,593	203,127

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,201,204**	2,640,307
Land use rights	10	**476,251**	343,688
Intangible assets		**500,845**	213,702
Deferred tax assets		**1,034**	7,458
Goodwill	22	**700,724**	207,146
Available-for-sale investments	11	**152,000**	102,000
Prepayments	12	**12,820**	436,474
Total non-current assets		**5,044,878**	3,950,775
CURRENT ASSETS			
Inventories	13	**1,806,953**	1,899,654
Trade receivables	14	**229,298**	208,722
Prepayments, deposits and other receivables		**1,773,672**	1,395,302
Cash in transit		**46,490**	60,017
Pledged bank deposits		**1,622,890**	1,922,496
Cash and cash equivalents		**834,671**	1,072,158
Total current assets		**6,313,974**	6,558,349
TOTAL ASSETS		**11,358,852**	10,509,124
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	15	**633,588**	680,944
Deferred tax liabilities		**153,050**	55,486
Total non-current liabilities		**786,638**	736,430
CURRENT LIABILITIES			
Trade and bills payables	16	**2,638,566**	3,638,877
Other payables and accruals	17	**1,315,642**	934,840
Interest-bearing bank and other borrowings	15	**4,559,520**	3,253,060
Income tax payable		**208,124**	206,314
Total current liabilities		**8,721,852**	8,033,091
NET CURRENT LIABILITIES		**2,407,878**	(1,474,742)
TOTAL ASSETS LESS CURRENT LIABILITIES		**2,637,000**	2,476,033

Unaudited Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2015

	Notes	As at 30 June 2015 RMB'000 (Unaudited)	As at 31 December 2014 RMB'000 (Audited)
EQUITY			
Equity attributable to owners of the parent			
Share capital	*18*	**3**	3
Reserves		**1,759,214**	1,651,004
		1,759,217	1,651,007
Non-controlling interests		**91,145**	88,596
Total equity		**1,850,362**	1,739,603
TOTAL EQUITY AND LIABILITIES		**11,358,852**	10,509,124

Unaudited Interim Condensed Consolidated Statement of Changes in Equity

For the six months ended 30 June 2015

	Attributable to owners of the parent									
	Share capital *RMB'000* *(note 18)*	Share premium *RMB'000*	Merger reserve *RMB'000*	Share option reserve *RMB'000* *(note 23)*	Statutory reserve *RMB'000*	Retained earnings *RMB'000*	Exchange fluctuation reserve *RMB'000*	Total *RMB'000*	Non-controlling interests *RMB'000*	Total equity *RMB'000*
At 1 January 2014	–	–	522,799	8,230	81,315	275,779	(852)	887,271	57,166	944,437
Profit for the period	–	–	–	–	–	196,858	–	196,858	6,374	203,232
Other comprehensive loss	–	–	–	–	–	–	(105)	(105)	–	(105)
Total comprehensive income/(loss) for the period	–	–	–	–	–	196,858	(105)	196,753	6,374	203,127
Transfer from retained earnings	–	–	–	–	21,551	(21,551)	–	–	–	–
Issue of share capital	2	–	(2)	–	–	–	–	–	–	–
Equity-settled share option arrangements	–	–	–	24,248	–	–	–	24,248	–	24,248
At 30 June 2014	2	–	522,797	32,478	102,866	451,086	(957)	1,108,272	63,540	1,171,812
At 1 January 2015	**3**	**760,124**	**522,797**	**3,918**	**129,361**	**236,155**	**(1,351)**	**1,651,007**	**88,596**	**1,739,603**
Profit for the period	**–**	**–**	**–**	**–**	**–**	**106,693**	**–**	**106,693**	**2,549**	**109,242**
Other comprehensive income	**–**	**–**	**–**	**–**	**–**	**–**	**351**	**351**	**–**	**351**
Total comprehensive income for the period	**–**	**–**	**–**	**–**	**–**	**106,693**	**351**	**107,044**	**2,549**	**109,593**
Transfer from retained earnings	**–**	**–**	**–**	**–**	**19,494**	**(19,494)**	**–**	**–**	**–**	**–**
Equity-settled share option arrangements	**–**	**–**	**–**	**1,166**	**–**	**–**	**–**	**1,166**	**–**	**1,166**
At 30 June 2015	**3**	**760,124***	**522,797***	**5,084***	**148,855***	**323,354***	**(1,000)***	**1,759,217**	**91,145**	**1,850,362**

* *These reserve accounts comprise the consolidated reserves of RMB1,759,214,000 (unaudited) in the consolidated statement of financial position as at 30 June 2015.*

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Operating activities			
Profit before tax		**175,396**	284,184
Adjustments for:			
Depreciation	5(c)	**99,900**	78,239
Amortisation of land use rights	5(c)	**5,566**	4,339
Amortisation of intangible assets	5(c)	**10,631**	7,214
Finance costs	6	**184,250**	170,510
Interest income	4(b)	**(10,082)**	(6,846)
(Gain)/loss on disposal of items of property, plant and equipment	5(c)	**(543)**	4,171
Equity-settled share option expense	23	**1,166**	24,248
Decrease/(increase) in inventories		**297,999**	(324,123)
Decrease in trade receivables		**33,267**	31,823
Increase in prepayments, deposits and other receivables		**(11,593)**	(11,359)
Decrease/(increase) in pledged bank deposits		**410,406**	(283,054)
Decrease/(increase) in cash in transit		**22,741**	(12,503)
Increase/(decrease) in trade and bills payables		**(1,353,915)**	524,809
(Decrease)/increase in other payables and accruals		**(549,294)**	27,437
		(684,105)	519,089
Income taxes paid		**(36,359)**	(62,665)
Net cash flows (used in)/generated from operating activities		**(720,464)**	456,424
Investing activities			
Purchase of items of property, plant and equipment		**(79,795)**	(712,495)
Proceeds from disposal of items of property, plant and equipment		**32,615**	53,623
Purchase of land use rights		**–**	(3,378)
Purchase of intangible assets		**–**	(3,952)
Interest received		**10,082**	6,846
Acquisition of subsidiaries	22	**(94,474)**	–
Purchases of available-for-sale investments		**(50,000)**	–
Net cash flows used in investing activities		**(181,572)**	(659,356)
Financing activities			
Proceeds from interest-bearing bank and other borrowings		**4,055,622**	3,236,720
Repayment of interest-bearing bank and other borrowings		**(3,789,289)**	(2,693,259)
Interest paid		**(186,048)**	(178,529)
Dividends paid		**(102,581)**	–
Advance from a shareholder, net	21(a)	**77,219**	–
Repayment from a shareholder, net	21(a)	**–**	239,597
Decrease/(increase) in pledged bank deposits		**609,275**	(195,170)
Increase in restricted cash		**–**	(92,292)
Net cash flows generated from financing activities		**664,198**	317,067

Unaudited Interim Condensed Consolidated Statement of Cash Flows

For the six months ended 30 June 2015

	Notes	2015 *RMB'000* (Unaudited)	2014 *RMB'000* (Unaudited)
Net (decrease)/increase in cash and cash equivalents		**(237,838)**	114,135
Net foreign exchange differences		**351**	(105)
Cash and cash equivalents at beginning of period		**1,072,158**	417,485
Cash and cash equivalents at end of period		**834,671**	531,515
Analysis of balances of cash and cash equivalents at end of period			
Cash and bank balances		**834,671**	531,515
Cash and cash equivalents as stated in the statement of financial position and the statement of cash flows		**834,671**	531,515

Notes to Unaudited Interim Condensed Consolidated Financial Statements

1. GENERAL INFORMATION

China Rundong Auto Group Limited (the "Company") was incorporated on 15 January 2014 as an exempted company in the Cayman Islands with limited liability under the Companies Law of the Cayman Islands. The registered office address of the Company is PO Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The shares of the Company were listed on the Main Board of the Stock Exchange of Hong Kong Limited on 12 August 2014.

During the Reporting Period, the Group were principally engaged in the sale and service of motor vehicles.

In the opinion of directors of the Company (the "Directors"), the ultimate holding company of the Company is HSBC International Trustee Limited, which is incorporated in the British Virgin Islands ("BVI").

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

2.1 BASIS OF PREPARATION

The unaudited interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2015 and the related interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six months period then ended, have been prepared in accordance with HKAS 34 "Interim Financial Reporting" issued by the Hong Kong Institute of Certified Public Accountants and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The unaudited interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements for the year ended 31 December 2014.

As at 30 June 2015, the Group had net current liabilities of approximately RMB2,407,878,000. The Directors believe that the Group has sufficient cash flows from the operations and current available banking facilities to meet its liabilities as and when they fall due. Therefore, the interim condensed consolidated financial statements are prepared on a going concern basis.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES *(Continued)*

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2014, except for the adoption of amendments effective as at 1 January 2015 below:

The Group has adopted the following revised HKFRSs for the first time in these interim condensed consolidated financial statements.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Amendments under *Annual Improvements to HKFRSs 2010–2012 Cycle*	Amendments to a number of HKFRS
Amendments under *Annual Improvements to HKFRSs 2011–2013 Cycle*	Amendments to a number of HKFRS

The adoption of these revised HKFRSs has had no significant financial effect on the Group's interim condensed consolidated financial statements.

3. SEGMENT INFORMATION

The Group's principal business is the sale and service of motor vehicles. For management purposes, the Group operates in one business unit based on its products, and has one reportable segment which is the sale of motor vehicles and the provision of related services.

No operating segments have been aggregated to form the above reportable operating segment.

INFORMATION ABOUT GEOGRAPHICAL AREA

Since all of the Group's revenue was generated from the sale and service of motor vehicles in Mainland China and all of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented.

INFORMATION ABOUT MAJOR CUSTOMERS

Since none of the Group's sales to a single customer amounted to 10% or more of the Group's revenue during the period, no segment information about major customers is presented.

4. REVENUE, OTHER INCOME AND GAINS, NET

(A) REVENUE

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Revenue from the sale of motor vehicles	**6,410,704**	6,792,807
Others	**929,877**	797,229
	7,340,581	7,590,036

(B) OTHER INCOME AND GAINS, NET

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Commission income	**71,141**	93,160
Advertisement support received from motor vehicle manufacturers	**29,229**	16,365
Bank interest income	**10,082**	6,846
Rental income	**2,206**	2,078
Government grants	**1,267**	852
Others	**3,549**	3,025
	117,474	122,326

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging:

	For the six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
(a) Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**146,005**	128,891
Equity-settled share option expense	**1,166**	5,848
Other welfare	**44,727**	31,485
	191,898	166,224
(b) Cost of sales and services:		
Cost of sales of motor vehicles	**6,153,709**	6,416,631
Others	**525,180**	445,564
	6,678,889	6,862,195
(c) Other items:		
Depreciation of items of property, plant and equipment	**99,900**	78,239
Amortisation of land use rights	**5,566**	4,339
Amortisation of intangible assets	**10,631**	7,214
Advertisement and business promotion expenses	**31,109**	30,943
Lease expenses	**26,137**	17,497
Bank charges	**6,243**	7,998
(Gain)/loss on disposal of items of property, plant and equipment	**(543)**	4,171

6. FINANCE COSTS

	For the six months ended 30 June 2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Interest expense on bank borrowings wholly repayable within five years	**172,146**	167,128
Interest expense on other borrowings	**13,902**	11,401
Less: interest capitalised	**(1,798)**	(8,019)
	184,250	170,510

7. TAX

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax	**63,493**	73,796
Deferred tax	**2,661**	7,156
Total tax charge for the period	**66,154**	80,952

Pursuant to Section 6 of the Tax Concessions Law (1999 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Council that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gain or appreciation shall apply to the Company or its operations.

The subsidiaries incorporated in the BVI are not subject to income tax as these subsidiaries do not have a place of business (other than a registered office only) or carry on any business in the BVI.

The subsidiaries incorporated in Hong Kong are subject to profits tax at the rate of 16.5% (six months ended 30 June 2014: 16.5%) during the period. No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the period.

According to the Corporate Income Tax Law of the People's Republic of China, the income tax rate was 25% (six months ended 30 June 2014: 25%) during the period.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of 1,074,474,000 ordinary shares in issue during the six months ended 30 June 2015 (800,000,000 ordinary shares during the six months ended 30 June 2014), as adjusted to reflect the rights issue during the period.

The calculation of the diluted earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the period, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

8. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT *(Continued)*

The calculations of the basic and diluted earnings per share are based on:

	For the six months ended 30 June	
	2015	2014
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the earnings per share calculation	**106,693**	196,858
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**1,074,474,000**	800,000,000
Effect of dilution — weighted average number of ordinary shares: Share options	**2,354,064**	8,740,391
	1,076,828,064	808,740,391
Earnings per share		
Basic (RMB)	**0.10**	0.25
Diluted (RMB)	**0.10**	0.24

9. PROPERTY, PLANT AND EQUIPMENT

ACQUISITIONS AND DISPOSALS

During the six months ended 30 June 2015, the Group acquired assets at a consideration of RMB701,019,000 (unaudited) (for the six months ended 30 June 2014: RMB631,975,000 (unaudited)).

Assets with a net book value of RMB40,222,000 (unaudited) were disposed of by the Group during the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB57,794,000 (unaudited)), resulting in a net gain on disposal of RMB543,000 (unaudited) (for the six months ended 30 June 2014: a net loss on disposal of RMB4,171,000 (unaudited)).

Certain of the Group's buildings with an aggregate net book value of RMB41,985,000 and RMB40,306,000 (unaudited), as at 31 December 2014 and 30 June 2015, respectively, do not have building ownership certificates because they were built on land where the Group did not have the land use right certificates. The Group has obtained confirmation letters from the relevant bureaus of land and resources confirming that (1) the Group can build the relevant buildings on such land, (2) no fines for the use of land will be imposed on the Group, (3) the relevant bureaus will not confiscate the constructions and other facilities built on such land, and (4) the Group will not be required to return the relevant land before public bidding. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or confiscating the buildings is relative low.

10. LAND USE RIGHTS

During the six months ended 30 June 2015, the Group acquired land use rights at a consideration of RMB138,129,000 (unaudited) (for the six months ended 30 June 2014: nil (unaudited)). No land use rights are disposed of during both the six months ended 30 June 2014 and 2015.

Included in the Group's land use rights are rights to three parcels of land, with an aggregate net book value of RMB13,925,000 and RMB11,895,000 (unaudited) as at 31 December 2014 and 30 June 2015, respectively, which the Group had not obtained the land use right certificates. The Group has obtained confirmation letters from the relevant bureaus of land and resources confirming that (1) the Group can build and operate dealership stores on such land, (2) no fines for the use of land will be imposed on the Group, (3) the relevant bureaus will not confiscate the constructions and other facilities built on such land, and (4) the Group will not be required to return the relevant land before public bidding. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or requiring the Group to return the relevant land before public bidding is relative low.

Included in the Group's land use rights are rights to five parcels of land, with an aggregate net book value of RMB49,842,000 and RMB49,129,520 (unaudited) as at 31 December 2014 and 30 June 2015, respectively, which the Group did not use for their designated usage. Under the relevant PRC laws and regulations, any change to the usage of land by the land use right holder must be approved by the relevant government authorities. The Group has obtained confirmation letters from the relevant bureaus of land and resources confirming that (1) the Group is the legal land use right holder of the relevant lands with full payment made, (2) the relevant bureaus are aware of the Group's present use of the land as dealership stores, and (3) there will be no fines or additional land grant fees to be imposed by the relevant bureaus and the Group will not be required to return the land to the government. In the opinion of the Directors, the risk of the relevant government authorities imposing a fine on the Group or requiring the Group to return the relevant land is relative low.

11. AVAILABLE-FOR-SALE INVESTMENTS

The following table sets forth the available-for-sale investments for the period/year:

		30 June 2015 ***RMB'000*** **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Unlisted equity investments, at cost			
Jiangsu Bank Company Limited	(i)	**53,000**	53,000
Xuzhou Huaihai Nongcun Commercial Bank Company Limited	(i)	**40,000**	40,000
Tongshanxian Nongcun Credit Cooperation Association	(i)	**9,000**	9,000
Available-for-sale investments	(ii)	**50,000**	–
		152,000	102,000

11. AVAILABLE-FOR-SALE INVESTMENTS *(Continued)*

(i) The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate. As at 30 June 2015 and 31 December 2014, certain unlisted equity investments with carrying amounts of RMB102,000,000 and RMB102,000,000, respectively, were stated at cost less impairment because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair values cannot be measured reliably. The Group does not intend to dispose of them in the near future.

(ii) The above investments are financial products with expected interest rates ranging from 2.0% to 2.5% per annum with a maturity period of 30 days offered by financial institutions in the PRC. The fair values of the financial products approximate to their costs.

12. PREPAYMENTS

	30 June 2015 ***RMB'000*** **(Unaudited)**	31 December 2014 *RMB'000* (Audited)
Prepayments for land use rights	**12,820**	17,989
Prepayments for potential acquisitions	**–**	418,485
	12,820	436,474

Notes to Unaudited Interim Condensed Consolidated Financial Statements

13. INVENTORIES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Motor vehicles	**1,639,234**	1,743,615
Spare parts and accessories	**167,719**	156,039
	1,806,953	1,899,654

14. TRADE RECEIVABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade receivables	**229,298**	208,722
Impairment	**–**	–
	229,298	208,722

The Group's trading terms with its customers are mainly on cash, except for some transactions which are traded on credits. The credit period is generally three months. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of each of the reporting date (based on the invoice date) is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within three months	**194,388**	193,451
More than three months but less than one year	**31,096**	13,261
More than one year	**3,814**	2,010
	229,298	208,722

14. TRADE RECEIVABLES *(Continued)*

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	30 June 2015 *RMB'000* (Unaudited)	31 December 2014 *RMB'000* (Audited)
Neither past due nor impaired	**194,388**	193,451
Less than three months past due	**31,096**	13,261
Three months to one year past due	**3,814**	2,010
	229,298	208,722

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the Directors are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

15. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Effective interest rate (%)	***RMB'000***	Effective interest rate (%)	*RMB'000*
Current				
Bank loans	**5.88–10.20**	**4,203,148**	5.88–10.20	3,023,257
Other borrowings	**6.44–10.55**	**356,372**	6.44–10.98	229,803
		4,559,520		3,253,060
Non-current				
Bank loans	**8.00–8.32**	**633,588**	6.44–8.97	680,944
		5,193,108		3,934,004

16. TRADE AND BILLS PAYABLES

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Trade payables	**90,432**	120,270
Bills payable	**2,548,134**	3,518,607
Trade and bills payables	**2,638,566**	3,638,877

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Within 3 months	**2,008,630**	2,947,251
3 to 6 months	**622,932**	684,769
6 to 12 months	**4,452**	3,033
Over 12 months	**2,552**	3,824
	2,638,566	3,638,877

The trade payables are non-interest-bearing and are normally settled on 90-day terms.

17. OTHER PAYABLES AND ACCRUALS

The balance of other payables and accruals as at 30 June 2015 included unsettled consideration of RMB53,154,000 for the Group's business acquisition (note 22) and amount due to a shareholder Mr. Yang Peng of RMB77,219,000 (note 21(b)).

18. SHARE CAPITAL

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Authorised:		
100,000,000,000 ordinary shares of US$0.0000005 each	**305**	305
Issued and fully paid:		
1,074,474,000 ordinary shares of US$0.0000005 each	**3**	3

19. CONTINGENT LIABILITIES

As at 30 June 2015, neither the Group nor the Company had any significant contingent liabilities.

20. COMMITMENTS

A. CAPITAL COMMITMENT

Capital commitments of the Group in respect of property, plant and equipment outstanding as at 30 June 2015 and 31 December 2014 not provided for in the interim condensed consolidated financial statements were as follows:

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Contracted, but not provided for land use rights and buildings	**356,496**	432,406

B. OPERATING LEASE ARRANGEMENTS

The Group leases certain of its office properties and land under operating lease arrangements. Leases for properties and land are negotiated for terms ranging from one to 17 years.

At 30 June 2015 and 31 December 2014, the Group had total future minimum lease payments under non-cancellable operating leases with its tenants falling due as follows:

	30 June 2015 (Unaudited)		31 December 2014 (Audited)	
	Properties RMB'000	Land RMB'000	Properties RMB'000	Land RMB'000
Within one year	**31,447**	**15,169**	33,383	14,127
After one year but within five years	**126,772**	**48,320**	120,626	47,159
After five years	**173,670**	**76,920**	187,231	82,662
	331,889	**140,409**	341,240	143,948

21. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances disclosed elsewhere in the interim condensed consolidated financial statements, the Group had the following material transactions with related parties during the period:

Mr. Yang Peng is a shareholder of the Group and is also considered to be a related party of the Group.

(a) The Group had the following transactions with a related party for the six months ended 30 June 2014 and 2015:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Advance from a shareholder Mr. Yang Peng	**77,219**	–
Repayment from a shareholder Mr. Yang Peng	**–**	239,597

21. RELATED PARTY TRANSACTIONS AND BALANCES *(Continued)*

(B) OUTSTANDING BALANCES WITH A RELATED PARTY:

Due to a shareholder

	30 June 2015 RMB'000 (Unaudited)	31 December 2014 RMB'000 (Audited)
Mr. Yang Peng	**77,219**	–

Amounts due to a shareholder is interest free, unsecured and will be settled by 31 December 2015.

(C) COMPENSATION OF KEY MANAGEMENT PERSONNEL:

	For the six months ended 30 June	
	2015 RMB'000 (Unaudited)	2014 RMB'000 (Unaudited)
Short term employee benefits	**1,831**	2,531
Pension scheme contributions	**119**	121
Equity-settled share option expense	**–**	22,286
Total compensation paid to key management personnel	**1,950**	24,938

22. BUSINESS COMBINATIONS

As part of the Group's plan to expand its motor vehicle sales and service business in Mainland China, the Group acquired eight dealership stores including Audi, BMW, Chrysler, Buick, FAW-Volkswagen and Shanghai-Volkswagen in Jiangsu Province and Shandong Province from five independent third parties, at a cash consideration of RMB605,000,000. The Directors are of the opinion that the Group had control over these eight dealership stores on 1 April 2015. The consideration of RMB605,000,000 was not fully settled with RMB53,154,000 outstanding as at 30 June 2015.

The Group engaged an independent appraiser to assist with the identification and determination of fair values to be assigned to the acquirees' assets and liabilities. However, the appraisal was not finalized as at 30 June 2015 and hence, the initial accounting for the business combination of the acquirees is incomplete by the date that the board of directors to approve 2015 interim financial statements. Therefore, the following amounts recognized in the Group's 2015 interim financial statements in relation to such business acquisition were on a provisional basis:

22. BUSINESS COMBINATIONS *(Continued)*

	RMB'000
Property, plant and equipment	548,030
Land use right	138,129
Intangible assets	297,774
Inventories	205,298
Trade receivables	53,843
Prepayments, deposits and other receivables	365,673
Pledged bank deposits	720,075
Cash in transit	9,214
Cash and cash equivalents	38,887
Trade and bills payables	(353,604)
Other payables and accruals	(817,799)
Interest-bearing bank and other borrowings	(992,771)
Deferred tax liabilities	(101,327)
Total identifiable net assets	111,422
Goodwill on acquisition	493,578
Total purchase consideration	605,000

An analysis of the cash flows in respect of the acquisition of subsidiaries is as follows:

	For six months ended 30 June 2015 *RMB'000*
Total purchase consideration	605,000
Less: Settled consideration in respect of the previous year (note 12)	(418,485)
Less: Unsettled consideration (note 17)	(53,154)
Less: Cash and cash equivalents acquired	(38,887)
Net cash outflow in respect of business acquisition	94,474

Since the acquisition, the acquired businesses contributed RMB513,876,790 (unaudited) to the Group's turnover and loss of RMB1,687,550 (unaudited) to the consolidated profit for the six months ended 30 June 2015.

Had the combination taken place at the beginning of the period, the revenue of the Group and the profit of the Group for the six months ended 30 June 2015 would have been RMB7,829,424,000 and RMB79,704,000, respectively.

23. SHARE OPTION SCHEME

Before the incorporation of the Company, China Rundong Auto Holding Ltd. (the "Former Listing Vehicle") operates a share option scheme (the "Pre-IPO Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. In order to operate the Pre-IPO Scheme, the Former Listing Vehicle established a trust (the "Employee Pre-IPO Trust") under a trust deed in September 2011. Eligible participants of the Pre-IPO Scheme will be nominated as beneficiaries of the Employee Pre-IPO Trust. Eligible participants include the Company's directors, including independent non-executive directors, and other employees of the Group and its subsidiaries. The Pre-IPO Scheme became effective on November 15, 2011 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date with a fixed exercise price of US$0.3573 per share.

The Former Listing Vehicle offered the share options to subscribe for a total of 40,000,000 shares upon their exercise, representing 5% of the then issued share capital of the Former Listing Vehicle, to Runda (PTC) Limited ("Runda"), acting as the trustee to the Employee Pre-IPO Trust. Runda holds the share options for the benefit of the eligible participants when they are granted with the share options. Share options were offered to each eligible participant in various batches from 2 January 2012 to 31 December 2013.

Each of the eligible participants has entered into a share option agreement (the "Pre-IPO Share Option Agreement") with the Former Listing Vehicle and Runda under which the Former Listing Vehicle nominated eligible participants as a beneficiary of the Employee Pre-IPO Trust. The offer of a grant of options may be accepted within seven days from the date of offer. The exercise period of the share options granted is dependent on the Company's qualified IPO listing and commences after a vesting period of one to five years and ends on the expiry date of the Pre-IPO Scheme.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

On 24 March 2014, 14 eligible participants (the "Relevant Grantees") entered into supplemental agreements (each, the "Supplemental Agreement") to their respective Pre-IPO Share Option Agreements with the Former Listing Vehicle and Runda to modify the original vesting conditions and periods and be entitled to fully vest their share options on the date of modification. The share options would be exercisable upon the completion of the IPO. Pursuant to the Supplemental Agreement, the Former Listing Vehicle agreed to (a) procure Runda to exercise the share options to which each of these Relevant Grantees was entitled to; and (b) upon such exercise, issue 30,700,000 shares in the Former Listing Vehicle to Runda as unpaid shares for the Relevant Grantees as beneficiaries of those shares. The incremental fair value of share options during the three months ended 31 March 2014 was estimated as at the date of modification, using a binomial model, taking into account the terms and conditions upon which the options were modified. The incremental fair value was measured as the difference between the fair value of the original award and that of the modified award and was recognised as a share option expense during the six months ended 30 June 2014.

Upon the Company's public listing, the Former Listing Vehicle, the Company, Runda and eligible participants entered into share option agreements to carry forward its former share options in the Former Listing Vehicle, other than those early exercised, to the Company without any change in terms and conditions.

23. SHARE OPTION SCHEME *(Continued)*

The following share options were outstanding under the Pre-IPO Scheme during the period:

	For six months end 30 June 2015		For six months ended 30 June 2014	
	Exercise price ***US$ per share***	**Number of options** ***'000*** **(Unaudited)**	Exercise price *US$ per share*	Number of options *'000* (Unaudited)
At 1 January	**0.3573**	**6,012**	0.3573	22,979
Granted during the period	**0.3573**	**415**	0.3573	13,410
Forfeited during the period	**0.3573**	**(103)**	0.3573	(1,246)
Exercised during the period	**–**	**–**	–	–
Expired during the period	**–**	**–**	–	–
At 30 June	**0.3573**	**6,324**	0.3573	35,143

The weighted average fair values of the share options granted during the period ended 30 June 2015 was US$0.2192 (RMB1.3401) (unaudited) (30 June 2014: US$0.0694 (RMB0.4307) (unaudited)) per option, of which the Group recognised an equity-settled share option expense of RMB1,166,000 (unaudited) (for six months ended 30 June 2014: RMB 24,248,000 (unaudited)) during the six months ended 30 June 2015.

The fair value of the share options granted during the six months ended 30 June 2015 was estimated as at the date of grant, using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

	For six months ended 30 June 2015	For six months ended 30 June 2014
Dividend yield (%)	**–**	–
Expected volatility (%)	**37.9**	34.90–45.70
Risk-free interest rate (%)	**2.77**	2.51–3.81
Expected life of options (year)	**10**	10
Weighted average share price (US$ per share)	**0.4514**	0.2063–0.2560

The expected life of the options is based on the Pre-IPO Scheme which became effective on November 15, 2011 and will remain in force for 10 years until November 15, 2021. The expected volatility reflects the assumption that the historical volatility of other similar listed companies is indicative of future trends of the Company, which may also not necessarily be the actual outcome. The weighted average share price reflects the assumption that the historical weighted average share price of other similar listed companies is indicative of future trend of the Company.

No other feature of the options granted was incorporated into the measurement of fair value.

24. EVENTS AFTER THE REPORTING PERIOD

(a) On 16 May 2015, the Company, Greenland Financial Overseas Investment Group Co., Ltd. (the "Subscriber") and Rundong Fortune ("RF") 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 Convertible Preference Shares ("CPS") of par value US$0.0000005 each in the share capital of the Company) at a Subscription Price of HK$2.89 per Subscription Share or an aggregate Subscription Price of HK$1,549,822,459. In connection with the Subscription and in order to facilitate the maintenance of the Public Float Requirement by the Company upon the completion of the Subscription, on 16 May 2015, RF, KKR China Auto Retail Holding Ltd II ("KKR") 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 the completion of the Subscription.

On 16 May 2015, the Company entered into a Management Subscription Agreement with 5 directors and 5 members of senior management personnel (the "Management Subscribers"), pursuant to which the Company conditionally agreed to allot and issue and the 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 Board announced that all conditions precedent in respect of the Subscription had been satisfied by the parties to the Subscription Agreement and the completion of the Subscription took place on 14 August 2015 in accordance with the terms of the Subscription Agreement.

(b) On 17 August 2015, the Company collected the proceeds of HK$1,549,822,459, from the issue of the Subscription Shares to the Subscriber.

(c) The Subscription was completed on 14 August 2015. Subsequently, the English name and the Chinese name of the Company has been changed from "China Rundong Auto Group Limited" to "China Greenland Rundong Auto Group Limited", and from "中國潤東汽車集團有限公司" to "中國綠地潤東汽車集團有限公司" pursuant to the certificate of incorporation on change of name issued by the Registrar of Companies in the Cayman Islands on 17 August 2015.

25. APPROVAL OF THE UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the Board on 28 August 2015.

润东汽车

CHINA GREENLAND RUNDONG AUTO GROUP LIMITED

中國綠地潤東汽車集團有限公司