润东汽车

China Greenland Rundong Auto Group Limited
中國綠地潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock code: 1365)

ANNOUNCEMENT OF INTERIM RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2016

The board (the "**Board**") of directors (the "**Directors**") of China Greenland Rundong Auto Group Limited 中國綠地潤東汽車集團有限公司 (the "**Company**") is pleased to announce the unaudited consolidated interim results of the Company and its subsidiaries (collectively, the "**Group**", "**our Group**", "**we**" or "**us**") for the six months ended June 30, 2016 (the "**Reporting Period**" or the "**Period Under Review**"), as follows:

FINANCIAL HIGHLIGHTS

For the Reporting Period:

- Revenue increased by 7.2% to RMB7,871.5 million as compared with the same period of 2015.
- Sales revenue from new automobiles increased by 6.7% to RMB6,842.3 million as compared with the same period of 2015.
- After-sales service revenue increased by 10.7% to RMB1,029.2 million as compared with the same period of 2015.
- Gross profit increased by 13.6% to RMB751.8 million as compared with the same period of 2015.
- Profit attributable to owners of the parent increased by 3.2% to RMB110.2 million as compared with the same period of 2015.

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS
For the six months ended June 30, 2016

	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
REVENUE	4(a)	**7,871,545**	7,340,581
Cost of sales	5(b)	**(7,119,720)**	(6,678,889)
Gross profit		**751,825**	661,692
Other income and gains, net	4(b)	**136,257**	117,474
Selling and distribution costs		**(218,482)**	(209,814)
Administrative expenses		**(226,521)**	(207,313)
Other expenses		**(40,266)**	(2,393)
Finance costs	6	**(216,117)**	(184,250)
Profit before tax	5	**186,696**	175,396
Income tax expense	7	**(70,140)**	(66,154)
Profit for the period		**116,556**	109,242
Profit for the period attributable to:			
Owners of the parent		**110,158**	106,693
Non-controlling interests		**6,398**	2,549
		116,556	109,242
Earnings per share attributable to ordinary equity holders of the parent:			
Basic *(RMB)*	8	**0.12**	0.10
Diluted *(RMB)*	8	**0.07**	0.10

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the six months ended June 30, 2016

	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Profit for the period	**116,556**	109,242
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**313**	351
Total comprehensive income for the period, net of tax	**116,869**	109,593
Total comprehensive income for the period attributable to:		
Owners of the parent	**110,471**	107,044
Non-controlling interests	**6,398**	2,549
	116,869	109,593

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at June 30, 2016

	Notes	As at June 30, 2016 RMB'000 (Unaudited)	As at December 31, 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Property, plant and equipment	9	**3,280,442**	3,249,299
Land use rights	10	**472,415**	480,802
Intangible assets		**469,643**	484,763
Deferred tax assets		**11,688**	10,657
Goodwill		**700,724**	700,724
Available-for-sale investments		**106,000**	102,000
Prepayments		**553,673**	389,413
Finance lease receivables		**935**	2,426
Total non-current assets		**5,595,520**	5,420,084
CURRENT ASSETS			
Inventories	11	**2,008,532**	1,810,452
Trade receivables	12	**208,831**	251,775
Finance lease receivables		**2,388**	2,750
Prepayments, deposits and other receivables		**2,580,682**	2,317,658
Cash in transit		**44,238**	47,606
Pledged bank deposits		**1,906,449**	1,329,248
Cash and cash equivalents		**1,432,811**	1,513,212
Total current assets		**8,183,931**	7,272,701
TOTAL ASSETS		**13,779,451**	12,692,785
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	13	**294,913**	1,403,609
Deferred tax liabilities		**144,972**	149,384
Total non-current liabilities		**439,885**	1,552,993
CURRENT LIABILITIES			
Trade and bills payables	14	**2,687,627**	2,775,017
Other payables and accruals		**1,312,449**	1,092,543
Interest-bearing bank and other borrowings	13	**5,799,261**	3,806,306
Income tax payable		**205,425**	249,196
Total current liabilities		**10,004,762**	7,923,062

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION *(Continued)*
As at June 30, 2016

	Notes	**As at June 30, 2016** ***RMB'000*** **(Unaudited)**	As at December 31, 2015 *RMB'000* (Audited)
NET CURRENT LIABILITIES		**(1,820,831)**	(650,361)
TOTAL ASSETS LESS CURRENT LIABILITIES		**3,774,689**	4,769,723
EQUITY			
Equity attributable to owners of the parent			
Share capital	*15*	**5**	5
Reserves		**3,234,209**	3,122,533
		3,234,214	3,122,538
Non-controlling interests		**100,590**	94,192
Total equity		**3,334,804**	3,216,730
TOTAL EQUITY AND LIABILITIES		**13,779,451**	12,692,785

NOTES TO UNAUDITED INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

The Company was incorporated on January 15, 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 P.O. Box 309, Ugland House, Grand Cayman, KY1-1104, Cayman Islands. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on August 12, 2014.

The Company is an investment holding company. The Company and its subsidiaries (collectively referred to as the "Group") were principally engaged in the sale and service of motor vehicles in Mainland China.

On August 21, 2015, the Company changed its registered name from China Rundong Auto Group Limited (中國潤東汽車集團有限公司) to China Greenland Rundong Auto Group Limited (中國綠地潤東汽車集團有限公司).

The unaudited interim condensed consolidated financial statements were approved and authorised for issue by the board of directors on August 31, 2016.

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 June 30, 2016 and the related interim condensed consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the six-month 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 December 31, 2015.

As at June 30, 2016, the Group had net current liabilities of approximately RMB1,820,831,000. 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.

2.2 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 December 31, 2015, except for the adoption of amendments effective as of January 1, 2016 below:

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

Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	Investment Entities: Applying the Consolidation Exception
Amendments to HKAS 1	Disclosure Initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods and of Depreciation and Amortisation
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants
Amendments to HKAS 27 (2011)	Equity Method in Separate Financial Statements
Amendments to HKFRS 11	Accounting for Acquisitions of in Joint Operations
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs

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 June 30, **2016** *RMB'000* (Unaudited)	2015 *RMB'000* (Unaudited)
Revenue from the sale of motor vehicles	**6,842,337**	6,410,704
Others	**1,029,208**	929,877
	7,871,545	7,340,581

(b) Other income and gains, net

	For the six months ended June 30, **2016** *RMB'000* (Unaudited)	2015 *RMB'000* (Unaudited)
Commission income	**84,008**	71,141
Advertisement support received from motor vehicle manufacturers	**36,886**	29,229
Bank interest income	**5,505**	10,082
Rental income	**1,431**	2,206
Government grants	**4,864**	1,267
Others	**3,563**	3,549
	136,257	117,474

5. PROFIT BEFORE TAX

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

	For the six months ended June 30, 2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
(a) Employee benefit expense (excluding directors' and chief executive's remuneration):		
Wages and salaries	**102,452**	146,005
Equity-settled share option expense	**1,205**	1,166
Other welfare	**51,472**	44,727
	155,129	191,898
(b) Cost of sales and services:		
Cost of sales of motor vehicles	**6,537,121**	6,153,709
Others	**582,599**	525,180
	7,119,720	6,678,889
(c) Other items:		
Depreciation of items of property, plant and equipment	**124,100**	99,900
Amortisation of land use rights	**8,387**	5,566
Amortisation of intangible assets	**16,639**	10,631
Advertisement and business promotion expenses	**31,693**	31,109
Lease expenses	**30,456**	26,137
Bank charges	**6,492**	6,243
Loss/(gain) on disposal of items of property, plant and equipment	**5,954**	(543)

6. FINANCE COSTS

	For the six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Interest expense on bank borrowings wholly repayable within five years	**194,224**	172,146
Interest expense on other borrowings	**21,893**	13,902
Less: interest capitalised	**–**	(1,798)
	216,117	184,250

7. TAX

	For the six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Current Mainland China corporate income tax	**75,583**	63,493
Deferred tax	**(5,443)**	2,661
Total tax charge for the period	**70,140**	66,154

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 June 30, 2015: 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 June 30, 2015: 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 of 946,476,000 ordinary shares in issue during the six months ended June 30, 2016 (1,074,474,000 ordinary shares during the six months ended June 30, 2015), 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.

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

	For the six months ended June 30,	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the earnings per share calculation	**110,158**	106,693
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**946,476,000**	1,074,474,000
Effect of dilution — weighted average number of ordinary shares:		
Convertible preference shares ("CPS")	**664,268,747**	–
Share options	**730,342**	2,354,064
	1,611,475,089	1,076,828,064
Earnings per share		
Basic *(RMB)*	**0.12**	0.10
Diluted *(RMB)*	**0.07**	0.10

9. PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended June 30, 2016, the Group acquired assets at a consideration of RMB210,781,000 (unaudited) (for the six months ended June 30, 2015: RMB701,019,000 (unaudited)).

Assets with a net book value of RMB55,539,000 (unaudited) were disposed of by the Group during the six months ended June 30, 2016 (for the six months ended June 30, 2015: RMB40,222,000 (unaudited)), resulting in a net loss on disposal of RMB5,954,000 (unaudited) (for the six months ended June 30, 2015: a net gain on disposal of RMB543,000 (unaudited)).

Certain of the Group's buildings with an aggregate net book value of RMB27,570,000 and RMB20,528,000 (unaudited), as at December 31, 2015 and June 30, 2016, 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 relatively low.

10. LAND USE RIGHTS

During the six months ended June 30, 2016, no land use rights are acquired (for the six months ended June 30, 2015: RMB138,129,000 (unaudited)). No land use rights are disposed of during both the six months ended June 30, 2015 and 2016.

Included in the Group's land use rights are rights to three parcels of land, with an aggregate net book value of RMB11,744,000 and RMB11,593,000 (unaudited) as at December 31, 2015 and June 30, 2016, 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 relatively low.

Included in the Group's land use rights are rights to five parcels of land, with an aggregate net book value of RMB34,703,000 and RMB29,510,000 (unaudited) as at December 31, 2015 and June 30, 2016, 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 relatively low.

11. INVENTORIES

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Motor vehicles	**1,802,912**	1,647,930
Spare parts and accessories	**205,620**	162,522
	2,008,532	1,810,452

12. TRADE RECEIVABLES

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Trade receivables	**208,831**	251,775
Impairment	**–**	–
	208,831	251,775

The Group's trading terms with its customers are mainly on cash, except for some transactions which are traded on credit. 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 reporting period (based on the invoice date) is as follows:

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Within three months	**191,198**	235,108
More than three months but less than one year	**15,906**	14,696
More than one year	**1,727**	1,971
	208,831	251,775

12. TRADE RECEIVABLES *(Continued)*

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

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Neither past due nor impaired	**191,198**	235,108
Less than three months past due	**15,906**	14,696
Three months to one year past due	**1,727**	1,971
	208,831	251,775

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.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS

		June 30, 2016 (Unaudited)		December 31, 2015 (Audited)	
		Effective interest rate *(%)*	*RMB'000*	Effective interest rate *(%)*	*RMB'000*
Current					
Bank loans		**4.00–8.70**	**3,753,603**	4.35–10.20	3,453,152
Syndicated loan facilities	*(i)*	**3.89–3.99**	**1,657,800**		–
Other borrowings		**5.52–10.50**	**416,229**	6.44–10.55	353,154
			5,827,632		3,806,306
Transaction cost			**(28,371)**		–
			5,799,261		3,806,306
Non-current					
Syndicated loan facilities	*(i)*		**–**	3.55–3.98	974,040
Bank loans		**7.35–8.32**	**294,913**	7.44–8.97	461,388
			294,913		1,435,428
Transaction cost			**–**		(31,819)
			294,913		1,403,609
			6,094,174		5,209,915

(i) The Group entered into a facility agreement with a syndicate of banks on November 27, 2015 (the "Facility Agreement") for a loan facility of US$100 million, which is subject to the accession by any additional banks to the Facility Agreement increased by US$150 million (the "Facility"). The Group utilised US$150 million as at December 31, 2015 and utilised the total amount of US$250 million as at June 30, 2016. The Facility period is for a term of 36 months effective from the first utilisation date of December 2, 2015 and its interest rate is floating applicable to LIBOR.

13. INTEREST-BEARING BANK AND OTHER BORROWINGS *(Continued)*

Pursuant to the Facility Agreement, there are some applicable financial covenants whereby the violation of which may be defined as default of the Facility Agreement. As stipulated in the Facility Agreement, a repayment might be triggered upon the occurrence of a change of control event, which means any event or circumstance where:

(a) any person owns beneficially, directly or indirectly, more shares in the Company than the aggregate number of shares owned beneficially, directly or indirectly, by Greenland Financial Overseas Investment Group Co., Ltd. ("Greenland"); or

(b) Greenland and Mr. Yang Peng collectively do not have or cease to have Control over the Company.

(c) the Company's financials are not consolidated in all audited and consolidated financial statements of the Greenland for each financial year; or

(d) the Company does not remain as a subsidiary of the Greenland.

As detailed under the Company's announcement dated July 3, 2016, on June 26, 2016, the board of the Company was notified by Rundong Fortune on the following matters:

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

(ii) Rundong Fortune, KKR Auto and Mr. Yang Peng entered into the KKR Auto Sale and Purchase Agreement, pursuant to which Rundong Fortune agreed to acquire and KKR Auto agreed to sell the KKR Auto Sale Shares, comprising 168,000,000 CPS, for a total consideration of HK$592,586,400, equivalent to HK$3.5273 per CPS. As per the Company's announcement dated July 27, 2016, the completion of this transaction took place on July 15, 2016 pursuant to the KKR Auto Sale and Purchase Agreement.

Upon the completion of the Greenland Sale and Purchase Agreement, the Company notified the syndicate of banks that Greenland ceased to be the controlling shareholder of the Company, which constitutes a change of control event under the Facility Agreement.

As at the report date, the Company is in the process of negotiation with the syndicate of banks in relation to those applicable terms and conditions of the Facility Agreement. The Group reclassified the non-current portion of the loan facilities to current liabilities on demand as at June 30, 2016. There was a commitment fee of US$8,750,000 as transaction cost in relation to the loan facilities and is amortized over the expected period of repayment of the facility, of which RMB28,371,000 is yet to be amortized as at June 30, 2016. Subject to the outcome of the negotiation between the Company and the syndicate of banks, such transaction cost might be amortized over a revised period of repayment of the facility.

14. TRADE AND BILLS PAYABLES

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Trade payables	**105,836**	74,550
Bills payable	**2,581,791**	2,700,467
Trade and bills payables	**2,687,627**	2,775,017

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:

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Within 3 months	**2,438,301**	2,164,085
3 to 6 months	**229,326**	586,932
6 to 12 months	**20,000**	24,000
	2,687,627	2,775,017

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

15. SHARE CAPITAL

	June 30, 2016 *RMB'000* **(Unaudited)**	December 31, 2015 *RMB'000* (Audited)
Issued and fully paid:		
946,476,000 (2015:946,476,000) ordinary shares of US$0.0000005 each	**3**	3
664,268,747 (2015: 664,268,747) convertible preference shares of US$0.0000005 each	**2**	2
	5	5

16. 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 June 30, 2015 and 2016:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Advance from a shareholder		
Mr. Yang Peng	**–**	77,219

(b) Outstanding balances with a related party:

At June 30, 2016 and December 31, 2015, the Group had no outstanding balances with related parties.

(c) Compensation of key management personnel:

	For the six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
Short term employee benefits	**2,239**	1,831
Pension scheme contributions	**107**	119
Total compensation paid to key management personnel	**2,346**	1,950

MANAGEMENT DISCUSSION AND ANALYSIS

INDUSTRY REVIEW

In the first half of 2016, with the complicated economic situation in China and abroad as well as the increasing downward pressure, the Chinese economy operated steadily as a whole, and the supply side reform has shown early results. Affected by factors such as preliminary proactive fiscal policy, relatively loose monetary conditions and recovery of real estate market, etc., the gross domestic product (GDP) reached RMB34.1 trillion in the first half of 2016, representing a year-on-year increase of 6.7%.

The automobile market began to show a stable growth trend in the first half of 2016. According to figures released by the China Association of Automobile Manufacturers, from January to June 2016, the total volumes of automobile production and sales in the PRC were 12.892 million units and 12.830 million units respectively, representing a year-on-year growth of 6.5% and 8.1%, with an increase in growth rate by 3.8 percentage points and 6.7 percentage points comparing to the same period of last year. Among which, the total volumes of production and sales of passenger vehicles were 11.099 million units and 11.042 million units, representing a year-on-year growth of 7.3% and 9.2% respectively. Furthermore, the sales of new energy vehicles have changed from being promoted by single-core policy to being driven by dual-core policy and individual demand. During the Review Period, the total volumes of production and sales of new energy vehicles were 0.177 million units and 0.170 million units respectively, increasing by 125.0% and 126.9% comparing to the same period of last year.

In the first half of 2016, the automobile sales maintained stable growth, and the gross profit from automobile sales improved as compared to last year, mainly because the entire supply chain became more rational, the dealers transformed their former positive network expansion strategy to the intensified internal refine strategy, and the automobile manufacturers took measures such as production reduction, adjustment of business policy, etc. All these measures have improved the automobile sales market performance and the price discounts condition in the first half of 2016.

In addition, the luxury car market also recovered significantly, with the sales growth rate outperforming that of the industry. According to the sales data statistics published by various luxury brands, domestic sales of the top ten luxury car brands* increased by 13.6% on a year-on-year basis, higher than the overall sales growth rate of automobile industry. The recovery of luxury cars was mainly attributable to the release of consumption upgrade inhibited due to economic downward pressure and stock market turbulence in 2015, as well as the sink in luxury car sales channels and the launch of more entry-level and small-sized models that satisfy the needs of young generation consumers.

Along with the increase of automobile sales, the automobile ownership in China continued to grow rapidly. According to the statistics of the Traffic Management Bureau under the Ministry of Public Security of China, as of June 2016, the passenger vehicle ownership in China was approximately 184 million units. The enormous automobile ownership and the rise of average vehicle age will definitely drive the growth of automotive after-sales services and related businesses.

In 2016, the State Council launched policies for removing regional restrictions on migration of second-hand car and for promoting industry circulation of second-hand car. The gradual implementation of such policies will boost the circulation of second-hand car market and promote the standardized development and benign competition of the industry.

At present, the automobile financing business remains at an early stage of development in China. The penetration rate of domestic automobile financing is 20% only, while the rate abroad is 70-80%. With the increase in supply of diversified financial products and the strengthening of Chinese consciousness in family financial planning, the young generation has been gradually becoming the main driven force in consumption area, and the automobile financing will usher in a golden age of prosperous development.

* The top ten luxury car brands include Audi, BMW (including MINI), Mercedes-Benz, Jaguar Land Rover, Lexus, Volvo, Cadillac, Porsche, Infiniti and Lincoln.

BUSINESS REVIEW

As a leading luxury car dealership group in Eastern China, we still focus our attention on traditional dealership business: automobile sales and after-sales service, and we also develop innovative business on the basis of traditional business. During the Review Period, the Group endeavored to develop the recovering passenger vehicle market in China, transformed the former profitability model, set up the management philosophy with new automobile sales as the carrier and with after-sales and value-added business as the main business, thus the operating results recorded growth as compared to the corresponding period of last year.

- **Growth Recovery in Sales of New Automobiles**

  The Group's revenue from new automobile sales resumed its growth during the Reporting Period. Revenue from sales of new automobiles amounted to RMB6,842.3 million, representing a year-on-year increase of 6.7%, among which, revenue from sales of luxury and ultra-luxury automobiles reached RMB4,872.8 million, representing a 3.0% year-on-year increase and accounting for 71.2% of the revenue from sales of new automobiles. Gross profit margin from sales of new automobiles was 4.5%, which was 0.5 percentage points higher than that of the same period of the previous year.

  The growth in revenue from sales of new automobiles was, on one hand, benefited from the stable growth in automobile sales and the recovery of luxury car market during the Reporting Period. On the other hand, the Group continued to improve the turnover rate of new automobiles by optimizing wholesale and retail structure ,formulating the classified management method for vehicle models, continuing to promote sharing of regional resources and intensify the value-added businesses and services such as financial services, assembling, automobile accessories package, etc., and by virtue of enhancing customer invitation and test drive experience, which have controlled the inventory efficiently and guaranteed the stable growth in gross profit margin of new automobiles.

- **Rapid Growth in Revenue from After-sales Services, with Increasing Proportion in Total Revenues**

  According to the current market and industry development status and the future forecast, the Group has set up the management philosophy with new automobile sales as the carrier and with after-sales and value-added business as the main business during the Reporting Period. In terms of resource sharing in relation to after-sales business, the Group strengthened resource sharing and cooperation in business like insurance brokerage, articles procurement and supply etc. by utilizing the advantage of relatively intensive regional network. In terms of customer service, the Group strengthened the research of customer services for the whole life cycle, continued to develop service products and items suitable for its customers, continued to improve service quality, and enhance the customer satisfaction. The Group fully utilized the CRM system to analyze and sieve customer data, conducted market guidance based on customer data and targets, enhanced the success rate of customer appointment, improved the utilization rate of working position, and meanwhile transformed picky customers and recovered lost customers to enhance customer retention. The Group also endeavored to improve the turnover rate of inventory and reduce the cost of parts and accessories by means of allocation of regional parts, which not only provides its customers with services at reasonable price, but also maintains the stability of its gross profit margin.

  After-sales service revenue increased by 10.7% year-on-year to RMB1,029.2 million for the Reporting Period, and accounted for 13.1% of the total revenue of the Group, which was 0.4 percentage points higher than that of the same period of the previous year. The gross profit of our after-sales service for the Reporting Period increased by 10.4% year-on-year to RMB446.6 million. The gross profit margin of the after-sales service was 43.4%, remained almost flat with that of the same period of the previous year.

- **Active Expansion of Value-added Business to Transform the Profitability Model**

  During the Reporting Period, the Group made active efforts to expand value-added business and enhance the proportion of value-added business in the profit. The Group endeavored to enhance the integrated gross profit margin of new automobiles by virtue of improving the specific development performance of value-added business, increasing the number of value-added business personnel, strengthening the value-added business training, enriching the value-added products, optimizing the management system, and increasing the revenue from value-added business.

  In terms of automobile financing service, the Group evaluated the financing cooperation channels in various areas to ensure the implementation of multi-channel financial products in various areas, and continued to concern the financing penetration rate during the Reporting Period. In terms of agency business, the Group's penetration rate of automobile financing agency business increased from 22% in the same period of 2015 to 32% during the Reporting Period. In terms of revenue, we achieved RMB51.8 million from the financing agency service, representing an increase of 42.7% as compared to the revenue of RMB36.3 million in the same period of 2015.

During the Reporting Period, the Group attached great importance to the insurance agency business, formulated different strategies for new insurance and insurance renewal business, endeavored to enhance the insurance penetration rate, and explored the profit growth point. During the Reporting Period, revenue from insurance agency service of the Group amounted to RMB31.0 million, representing an increase of 11.5% from RMB27.8 million in the same period of 2015.

- **Active Layout of Second-hand Car Business**

  In the past 5 years, the second-hand car market developed rapidly in China, with the compound annual growth rate at 16%, and it was expected to maintain a rapid growth momentum in the future. During the Reporting Period, the Group set up the second-hand car business team in the head office, established the ERP second-hand car business system, introduced the second-hand car auction platform, and actively developed the dealership certification business of second-hand car. Through technological cooperation and introduction of advanced experience, our second-hand car agency business developed rapidly during the Reporting Period.

- **Steady Advancement of Parallel Import Business**

  During the Reporting Period, the Group strengthened its research on the customers and market trend forecast to ensure the imported vehicles meet the market's and customers' requirements, thus guaranteed the gross profit margin of new automobiles. During the Reporting Period, the Group cooperated with Chongqing Xiyong Integrated Free Trade Zone to open the first "Chongqing-Xinjiang-Europe" Parallel Vehicle Import Railway, achieving the great move of transporting vehicle from Europe to Mainland China by land. The opening of the railway symbolized a successful breakthrough of the Group in strategic deployment at the domestic imported vehicle market, and also laid a solid foundation for the Group to enter the Southwest market in the future.

- **Continuous Optimization of the Network Layout**

  As a luxury car dealership group in Eastern China, our business focuses on prosperous coastal areas in Eastern China, including Jiangsu province, Shandong province, Shanghai and Zhejiang province, covering the largest luxury and ultra-luxury automobile markets in China. Besides, the Group tried to enhance the operating efficiency and service capability by establishing the high density dealership network.

  Considering that the new automobile sales entered into the slight growth stage, the Group slowed down the opening of new stores accordingly. Meanwhile, the Group conducted internal integration and upgrade, optimized and upgraded the existing online stores to make its layout more reasonable and improve the customer's consumption experience. During the Reporting Period, the Company newly opened a Maserati 3s store, consolidated Jinan Maserati Exhibition Hall and Repair Center, and upgraded it into a 3S store. Meanwhile, the Company also upgraded and transformed some BMW stores, and added the electric vehicle and second-hand car business.

As at June 30, 2016, the Group's brand portfolio includes eight luxury brands, namely BMW, MINI, Jaguar, Land Rover, Audi, Lexus, Cadillac and Chrysler; two ultra-luxury brands, namely Maserati and Ferrari; 15 mid-to high-end brands, namely Buick, Hyundai, Ford, Chevrolet, Shanghai-Volkswagen, Kia, Dongfeng Honda, GAC-Honda, FAW-Toyota, GAC-Toyota, Toyota, Dongfeng Nissan, Zhengzhou Nissan, FAW-Volkswagen and BJEV.

As at June 30, 2016, the Group operated 70 stores, of which 46 were located in Jiangsu province, 13 in Shandong province, 8 in Shanghai, 2 in Zhejiang province and 1 in Anhui province.

As at June 30, 2016, the distribution of the Group's network of dealership stores was as follows:

	Brand	**Number of stores**
Luxury and ultra-luxury brands	Maserati and Ferrari	4
	BMW and MINI	24
	Jaguar & Land Rover	7
	Audi	4
	Cadillac	2
	Lexus	1
	Chrysler	1
Mid-to high-end brands	Buick, Hyundai, Ford, Chevrolet, Shanghai-Volkswagen, Kia, Dongfeng Honda, GAC-Honda, FAW-Toyota, GAC-Toyota, Toyota, Dongfeng Nissan, Zhengzhou Nissan and BJEV	27
Total		70

- **Outlook and Strategy**

The Group is of the view that despite the domestic automobile sales has entered the slight growth stage, there is still room for improvement in car ownership industry in China compared with other developed countries in the world. Meanwhile, the increase in new automobile ownership of over 20 million units and the rise of vehicle age will drive the explosive growth of automotive after-market. The development of industry business structure is getting matured, the contribution of vehicle sales to the profit shows a downtrend, the profitability extends gradually to after-sales service market, and the business markets of automobile financing and of second-hand car both contain tremendous potentials. Based on the aforesaid considerations, the Group will continue to focus on automobile sales and service industry, develop the automobile macro-consumption business in a steady manner, accelerate the development of automobile financing and second-hand car business, and make active efforts to explore new development models.

Develop the Automobile Sales Business Steadily

In light of the future development of the automobile sales and service sector, we consider that it remains to be an industry with tremendous potential and great opportunity. We will take the opportunity to carry out mergers and acquisitions and cooperation related to automobiles macro-consumption, consolidate traditional automobile sales and after-sales businesses, optimize brand structure and speed up network layout to realize rapid expansion.

Capture the Industrial Development Opportunity to Expedite Developing Automobile Industry Chain Business Steadfastly

At present, the automobile financing service industry remains at an early stage of development in China, and the second-hand car market will develop rapidly. The Group will enlarge the value space along the automobile industry chain, expedite developing the financing lease business, automobile financing business and second-hand car business, enhance the financing penetration rate, and increase the insurance commission income.

Actively Explore New Development Models

At present, the automobile dealership business model innovates continuously, the industry chain extension and horizontal alliance develop rapidly, and the shared travel business has boomed in recent years. In the future, the Group will take advantage of the existing offline entity service network and the cumulative high-grade customers, endeavor to integrate with automobile shared economy, explore various cooperation models, and seek development opportunities.

FINANCIAL REVIEW

Revenue

For the Period Under Review, we recorded revenue of RMB7,871.5 million, representing an increase of 7.2% compared to the same period in 2015, which was primarily attributable to the sales revenue from new automobiles increased by RMB431.6 million, or 6.7%, as compared with the same period of 2015.

The table below sets out the Group's revenue for the Reporting Period and the corresponding period in 2015.

	Unaudited For the six months ended June 30, 2016		Unaudited For six months ended June 30, 2015		1H2016 VS. 1H2015
Revenue Source	***Revenue (RMB'000)***	***Contribution (%)***	*Revenue (RMB'000)*	*Contribution (%)*	*Change (%)*
New automobile sales	**6,842,337**	**86.9**	6,410,704	87.3	6.7
After-sales service	**1,029,208**	**13.1**	929,877	12.7	10.7
Total	**7,871,545**	**100**	7,340,581	100	7.2

Revenue from the sales of automobiles increased by RMB431.6 million, or 6.7%, in the Period Under Review compared to the same period in 2015, mainly attributable to the steady growth of automobile sales and the recovery of luxury car market. Revenue generated from automobile sales accounted for 86.9% of our revenue for the Period Under Review. Revenue generated from the sale of luxury and ultra-luxury brands and our mid-to high-end market brands accounted for 71.2% and 28.8% of our revenue from automobile sales respectively.

Revenue from our after-sales business increased by 10.7% from RMB929.9 million for the six months ended June 30, 2015 to RMB1,029.2 million for the same period in 2016. The contribution rate of after-sales business for the revenue also increased from 12.7% in the same period in 2015 to 13.1% in 2016.

Cost of sales and services

Our cost of sales and services increased by 6.6% from RMB6,678.9 million for the same period in 2015 to RMB7,119.7 million for the six months ended June 30, 2016. This increase is almost in line with the increase in our sales revenue throughout the Period Under Review.

The cost of sales and services of our automobile sales business amounted to RMB6,537.1 million for the Period Under Review, representing an increase of RMB383.4 million, or 5.9%, from the corresponding period in 2015. The sales cost of our after-sales business amounted to RMB582.6 million for the six months ended June 30, 2016, representing an increase of RMB57.4 million, or 10.9%, from the corresponding period in 2015.

Gross profit and gross profit margin

Gross profit for the six months ended June 30, 2016 was RMB751.8 million, representing an increase of RMB90.1 million, or 13.6%, from the same period in 2015. Gross profit from automobile sales increased by 18.8% from RMB257.0 million for the six months ended June 30, 2015 to RMB305.2 million for the same period in 2016. Gross profit from after-sales business increased by 10.4% from RMB404.7 million for the six months ended June 30, 2015 to RMB446.6 million for the same period in 2016. Automobile sales and after-sales business accounted for 40.6% and 59.4%, respectively, of our total gross profit for the Period Under Review.

Gross profit margin for the six months ended June 30, 2016 was 9.6%, higher than 9.0%, which is the gross profit margin for the six months ended June 30, 2015. The gross profit margin of automobile sales was 4.5% compared to 4.0% for the same period in 2015. Gross profit margin of after-sales business was 43.4% compared to 43.5% for the same period in 2015. Gross profit from automobile sales increased primarily attributable to the fact that the Group changed its profitability model, expanded value-added business actively, concentrated on boutique business marketing, and improved the integrated gross profit margin of new automobiles. Gross profit margin of after-sales services remained almost flat.

Other income and net gains

Other income and net gains increased by 16.0% from RMB117.5 million for the six months ended June 30, 2015 to RMB136.3 million for the corresponding period in 2016, among which, commission income and advertisement support received from automobile manufacturers increased by 20.4% from RMB100.4 million for the six months ended June 30, 2015 to RMB120.9 million for the corresponding period in 2016. The increase in commission income was attributable to the Company's efforts in developing automobile financing consultation, insurance agency and second-hand car service commission businesses during the Reporting Period.

Selling and distribution expenses

Selling and distribution expense of the Group amounted to approximately RMB218.5 million for the six months ended June 30, 2016, representing an increase of 4.1% from RMB209.8 million for the same period of 2015. The increase in expenses was mainly due to the increase in depreciation and amortisation, staff wages and daily operating expenses caused by acquired stores in 2015.

Administrative expenses

Administrative expenses of the Group amounted to RMB226.5 million for the six months ended June 30, 2016, representing an increase of 9.3% from RMB207.3 million for the same period of 2015, mainly due to the increase in depreciation and amortisation, staff wages and daily operating expenses caused by acquired stores in 2015.

Financing cost

Financing cost of the Group amounted to RMB216.1 million for the six months ended June 30, 2016, representing an increase of 17.3% from RMB184.3 million for the six months ended June 30, 2015, mainly attributable to the amortization of the arrangement fees for syndicated loans as at the end of 2015.

Profit from operations

Profit from operations of the Group amounted to RMB186.7 million for the six months ended June 30, 2016, representing an increase of 6.4% from RMB175.4 million for the same period of 2015. Operating profit margin was almost the same as compared to the same period of 2015.

Income tax expenses

Income tax expenses of the Group amounted to RMB70.1 million for the six months ended June 30, 2016 and the effective tax rate was 37.6%.

Profit for the Reporting Period

For the six months ended June 30, 2016, the Group's profit during the Reporting Period amounted to RMB116.6 million, representing an increase of 6.7% from RMB109.2 million for the same period of 2015. Net profit margin during the Reporting Period was 1.5%, which remained the same as compared to the same period of 2015.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow

As at June 30, 2016, our cash and cash equivalents amounted to RMB1,432.8 million, representing a decrease of 5.3% from RMB1,513.2 million as at December 31, 2015.

Our primary uses of cash were to pay for purchases of new automobiles, spare parts and automobile accessories, to establish new dealership stores and to fund our working capital and normal operating costs. We financed our liquidity requirements through a combination of short-term bank loans, 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, other borrowings, cash flow generated from our operating activities and other funds raised from the capital markets from time to time.

For the six months ended June 30, 2016, we had a net cash outflow from operating activities of RMB456.1 million (June 30, 2015: RMB720.5 million). We had a net cash outflow from investing activities of RMB307.3 million (June 30, 2015: RMB181.6 million). We had a net cash inflow of RMB682.7 generated from financing activities (June 30, 2015: RMB664.2 million).

Net current liabilities

As at June 30, 2016, we had net current liabilities of RMB1,820.8 million, representing an increase of RMB1,170.4 million from RMB650.4 million as at December 31, 2015. The increase in current liabilities was mainly attributable to the reclassification of debt structure. Due to the fact that there is a change of shareholder control under the Facility Agreement, the Group reclassified the non-current portion of the loan facilities to current liabilities.

Capital expenditure

Our capital expenditures are primarily comprised of expenditures on property, plant, equipment and intangible assets. For the six months ended June 30, 2016, our total capital expenditure was RMB194.1 million (for the six months ended June 30, 2015: RMB209.8 million).

Inventory

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

Our inventory increased by 10.9% from RMB1,810.5 million as at December 31, 2015 to RMB2,008.5 million as at June 30, 2016, primarily due to the increase in new automobile procurement required for the market demand.

In the Period Under Review, our average inventory turnover days decreased to 49.0 days from 49.9 days in the same period in 2015, primarily due to the improvement in inventory management and inventory clean-up.

Trade and bills receivables

Trade and bills receivables decreased from RMB251.8 million for the year ended December 31, 2015 to RMB208.8 million for the six months ended June 30, 2016, primarily due to the Company's efforts in strengthening the control over receivables and speeding up payment collection.

Bank loans and other borrowings

As at June 30, 2016, the Group's available but unused banking facilities were approximately RMB3,187.8 million (December 31, 2015: RMB4,240.0 million).

Our bank loans and other borrowings as at June 30, 2016 were RMB6,094.2 million, representing an increase of RMB884.3 million from RMB5,209.9 million as at December 31, 2015. The additional loans were mainly used to meet the demand of working capital.

Interest rate risk and foreign exchange risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our debts. Part of our borrowings were variable-rate borrowings that are linked to the benchmark rates of the People's Bank of China or London Interbank Offered Rate. Increase in interest rate could result in an increase in our cost of borrowing. In such case, not only our finance costs, but also our profit and financial position would be adversely affected. For the six months ended June 30, 2016, the Group did not use any derivative financial instruments to hedge our exposure to interest rate risk.

The foreign exchange risk of the Company are mostly derived from the overseas financing of the Group. Some of our overseas financing are denominated in US dollar. Increase in interest rate of US dollar could result in an increase in our cost of borrowing. In such case, not only our finance costs, but also our profit and financial position would be adversely affected. For the six months ended June 30, 2016, the Group did not use any derivative financial instruments to hedge our exposure to foreign exchange risk.

Gearing ratio

Our gearing ratio (defined as the aggregate of interest-bearing bank loans and other borrowings divided by shareholders' equity as at the end of each Reporting Period and then multiplied by 100%) for the six months ended June 30, 2016 was 182.7% (December 31, 2015: 162.0%).

Human resources

As at June 30, 2016, the Group had approximately 4,835 employees (June 30, 2015: 5,093). Total staff costs in the Period Under Review, excluding directors' remuneration were approximately RMB155.1 million (for the six months ended June 30, 2015: RMB191.9 million).

The Group values the recruiting and training of excellent person. 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 benefits, such as insurance, medical and retirement funds to employees to sustain competitiveness of the Group.

Contingent liabilities

As at June 30, 2016, we did not have any material contingent liabilities or guarantees.

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, 2016, the pledged group assets amounted to approximately RMB1,462.0 million.

CHANGES SINCE DECEMBER 31, 2015

Save as disclosed in this announcement, there were no other significant changes in the Group's financial position or the information disclosed under Management Discussion and Analysis in the Company's annual report for the year ended December 31, 2015.

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

Save as disclosed in "Management Discussion and Analysis" in this announcement, neither the Company nor any of its subsidiaries had purchased, redeemed or sold any of the Company's listed securities during the six months ended June 30, 2016 and on or before the date of this announcement.

EVENTS AFTER THE REPORTING PERIOD

On June 26, 2016, Rundong Fortune Investment Limited ("Rundong Fortune"), a controlling shareholder of the Company, entered into sale and purchase agreements with Greenland and KKR Auto, pursuant to which Rundong Fortune acquired Shares from each of Greenland and KKR Auto. Upon the completion of the acquisitions of Shares, Rundong Fortune acquired a total of 567,885,600 Ordinary Shares and 652,401,147 CPS, representing approximately 60.0% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares). Pursuant to Rule 26.1 of the Takeovers Code, Rundong Fortune is required to make an unconditional mandatory general offer in cash for all the issued shares other than those already owned by Rundong Fortune and the parties acting in concert with it. As a result of the Offer, Rundong Fortune and the parties acting in concert with it acquired a total of 35,285,009 Ordinary Shares and are interested in, among others, 645,009,609 Ordinary Shares and 652,401,147 CPS, representing approximately 68.1% of the voting rights of the Company (assuming no CPS have been converted into Ordinary Shares).

As at the date of this announcement, 201,333,991 Ordinary Shares, representing approximately 21.3% of the Ordinary Shares, are held by the public Shareholders. Rundong Fortune has undertaken to the Stock Exchange that it will take appropriate steps to ensure that sufficient public float as required under the applicable Listing Rules and it intends to sell-down a total of 35,285,009 Ordinary Shares to independent third parties.

As disclosed in the Company's announcement dated July 3, 2016 (the "Joint Announcement") and the Company's composite document dated July 27, 2016 (the "Composite Document"), Rundong Fortune has no intention to privatize the Company and intends to maintain the listing of the Shares on the Main Board of the Stock Exchange after closing of the Offer. Its intention is for the Company to continue with the existing principle business of the Group following the close of the Offer.

Further details are set out in the Joint Announcement, Composite Document and the announcement dated August 17, 2016. Capitalized terms used but not defined herein shall have the same meanings as those defined in the Composite Document.

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 Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). During the Reporting Period, 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 A.2.1 provides that the roles of chairman and chief executive officer should be separate and should 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, non-executive Director 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.

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 throughout the Reporting Period.

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.

INTERIM DIVIDEND

The Board resolved not to declare any payment of interim dividend to the shareholders of the Company for the six months ended June 30, 2016 (for the six months ended June 30, 2015: nil).

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 risk management, 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.

PUBLICATION OF INTERIM RESULTS ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This announcement will be published on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rundong.com.cn). The interim report of the Company for the Period Under Review will be dispatched to the shareholders of the Company and made available on the same websites in due course.

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

Hong Kong, August 31, 2016

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