

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



潤東汽車

China Greenland Rundong Auto Group Limited

中國綠地潤東汽車集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 1365)

**DISCLOSEABLE TRANSACTION
ACQUISITION OF THE ENTIRE EQUITY INTEREST
IN HUAWEI AUTOMOBILE**

The Board announces that on October 20, 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser agreed to purchase and the Vendors agreed to sell the entire equity interest of Huawei Automobile at the Consideration of RMB300,000,000.

As one or more of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

INTRODUCTION

The Board announces that on October 20, 2016, the Purchaser, a wholly-owned subsidiary of the Company, entered into the Agreement with the Vendors, pursuant to which the Purchaser agreed to purchase and the Vendors agreed to sell the entire equity interest of Huawei Automobile.

Vendor 1, Vendor 2 and Vendor 3 currently have, either direct or indirect, by themselves or through nominees, equity interest in 21 Target Group Companies, which principally engaged in automobile sales and services business. The Vendors also hold Properties which are being used by the Target Group Companies to operate their business. The Company proposed to acquire the equity interest in the Target Group Companies from the Vendors through the Purchaser, a wholly-owned subsidiary of the Company. As at the date of this announcement, Vendor 1 and Vendor 2 own the entire equity interest of Vendor 3. Vendor 3, has, either direct or indirect, by itself or through its nominees, equity interest of 3 Target Group Companies, one of which being Huawei Automobile. Huawei Automobile is the parent

company of 16 Target Group Companies whilst Vendor 2 has minority interests in those Target Group Companies. In addition, Huawei Automobile through its nominees holds equity interest in 2 Target Group Companies. To streamline the structure of the Target Group Companies, the Vendors undertakes to undergo the Reorganization pursuant to which certain Target Group Companies which are not currently held by Huawei Automobile will be transferred to Huawei Automobile.

The principal terms of the Agreement are summarized below:

THE ACQUISITION AGREEMENT

Date : October 20, 2016

Parties : (1) Rundong Automobile Group Co., Ltd., being the Purchaser
(2) Dai Zhi Lin, being Vendor 1
(3) Zhu Jian Jun, being Vendor 2
(4) Jiangsu Jin Tai Yang Property Development Group Co., Ltd., being Vendor 3

The Directors confirm that to the best of their knowledge, information and belief, having made all reasonable enquiries, the Vendors and their respective ultimate beneficial owners are third parties independent of the Company and its connected persons.

Reorganization

Pursuant to the terms and conditions of the Agreement, the Purchaser agreed to purchase and the Vendors agreed to sell the entire equity interest of Huawei Automobile.

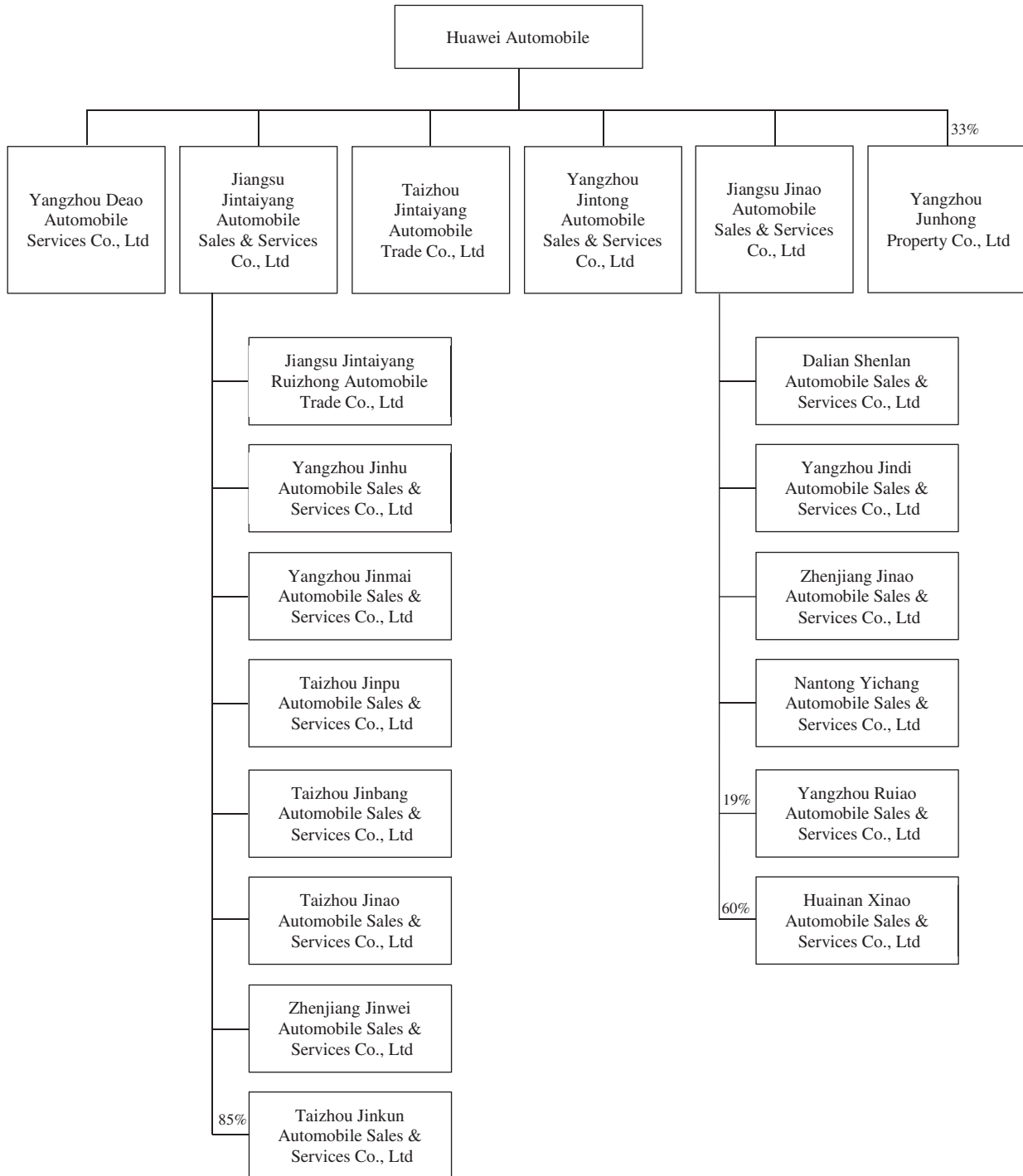
As at the date of this announcement, Vendor 1 and Vendor 2 own the entire equity interest of Vendor 3. Vendor 3, has, either direct or indirect, by itself or through its nominees, equity interest of 3 Target Group Companies, one of which being Huawei Automobile. Huawei Automobile is the parent company of 16 Target Group Companies whilst Vendor 2 has minority interests in those Target Group Companies. In addition, Huawei Automobile, through its nominees, has equity interest in 2 Target Group Companies.

The Vendors agreed to streamline the organization structure of the Target Group Companies and to undergo the Reorganization within 30 Business Days from the date of the Agreement as follows:

- (1) to terminate the existing nominee arrangements and to buy-back the beneficial ownership of certain Target Group Companies; and
- (2) to transfer the minority interests of the Target Group Companies which are not held by Huawei Automobile to Huawei Automobile.

Unless otherwise agreed between the Vendors and the Purchaser in writing, the Purchaser shall have the right to terminate the Agreement if the Reorganization does not complete within 30 Business Days from the date of the Agreement and no responsibility shall be assumed by the Purchaser under the Agreement.

The following diagram illustrates a simplified organization structure of Target Group Companies after Reorganization (unless otherwise stated, each subsidiary is 100% owned directly or indirectly by its holding company):



Asset Reorganization

The Vendors agree to transfer the Properties to Huawei Automobile or any companies designated by the Purchaser prior to date on which the Purchaser making the initial payment of the Consideration.

Consideration

The Consideration payable by the Purchaser to the Vendors shall be RMB300,000,000.

The Consideration shall be payable by the Purchaser to the Vendors in cash in the following manner:

- (1) RMB30,000,000 within 15 Business Days after completion of the Reorganization and of the Assets Reorganization (whichever is the later);
- (2) RMB210,000,000 during the period between the Date of Transfer of Management Rights and the date of the equity interest of Huawei Automobile being transferred;
- (3) RMB30,000,000 within 10 Business Days from Completion Date; and
- (4) RMB30,000,000 within 10 Business Days from the first anniversary of Completion Date.

The Consideration and the terms of the Agreement were arrived at after arm's length negotiations between the Purchaser and the Vendors based on normal commercial terms with reference to, among other things, the goodwill, branding and client portfolio of the Target Group Companies; the potential synergies with the Group's existing business; and the net assets value extracted from the Pro Forma Financial Information. The Consideration will be funded by internal resources of the Group and/or bank borrowings.

Completion

Completion shall take place on Completion Date.

REASONS FOR AND BENEFIT OF THE ACQUISITION

The Group principally focuses its business in Eastern China, including Jiangsu province, Zhejiang province, Shanghai and Anhui province, while the business activities of the Target Group Companies are mainly carried out in Jiangsu province. The Directors believe that the Acquisition expands the Company's original dealership network in those regions, provides a bigger platform for the Company to serve the customers in those regions and allows the Company to enlarge its operating scale as well as enhance its competitiveness, which will further enhance the Company's market share in the automobile industry in Eastern China.

The Directors consider that the terms of the Acquisition Agreement have been entered into in arm's length negotiations and under normal commercial terms, and that such terms are fair and reasonable so far as the Company and the Shareholders are concerned, and is in the interests of the Company and the Shareholders as a whole.

INFORMATION ON THE GROUP

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

INFORMATION ON HUAWEI AUTOMOBILE

Huawei Automobile is an investment holding company incorporated in the PRC with limited liability.

Based on the Pro Forma Financial Information, as at June 30, 2016, the total assets and net liabilities of Huawei Automobile amounted to RMB2,667 million and RMB88 million, respectively.

Set out below is the summary of the key financial information for the year ended December 31, 2014 and 2015, respectively:

| | For the year ended December 31, 2014 <i>RMB (million)</i> | For the year ended December 31, 2015 <i>RMB (million)</i> |
|----------------------|--|--|
| Loss before taxation | 169.0 | 177.2 |
| Loss after taxation | 169.0 | 177.2 |

INFORMATION ON THE VENDORS

Each of Vendor 1 and Vendor 2 is a businessman, who has been working in the automobile industry for many years.

Vendor 3 is a company incorporated in the PRC with limited liability. It principally engaged in automobile sales and services business.

LISTING RULES IMPLICATIONS

As one or more of the relevant percentage ratios calculated pursuant to Rule 14.07 of the Listing Rules in respect of the Acquisition are above 5% but less than 25%, the Acquisition constitutes a discloseable transaction for the Company under Chapter 14 of the Listing Rules and is therefore subject to the reporting and announcement requirements under the Listing Rules.

DEFINITIONS

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

| | |
|---|--|
| “Acquisition” | the acquisition of the entire equity interest in the Target Group Companies by the Purchaser pursuant to the terms and conditions of the Agreement |
| “Agreement” | the acquisition agreement dated October 20, 2016 entered into between the Vendors as vendors and the Purchaser as purchaser in relation to the Acquisition |
| “Assets Reorganization” | the Properties held by the Vendors, either directly or indirectly, would be consolidated under Huawei Automobile pursuant to the terms and conditions of the Agreement |
| “associates” | has the meaning given to it in the Listing Rules |
| “Board” | the board of Directors |
| “Business Day(s)” | a day, other than a Saturday, Sunday or a public holiday, in the PRC |
| “Company” | China Greenland Rundong Auto Group Limited (中國綠地潤東汽車集團有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 15, 2014, the Ordinary Shares of which are listed on the Stock Exchange |
| “Completion” | completion of the Acquisition |
| “Completion Date” | the date of which the equity interest of the Target Group Companies have been completed at the SAIC |
| “Consideration” | the consideration for the Acquisition, being RMB300,000,000 |
| “connected person(s)” | has the meaning given to it in the Listing Rules |
| “Date of Transfer of Management Rights” | the date of which the Purchaser and the Vendors signed the confirmation of the transfer of management rights after the handover of, among other things, the business licence and the company chop of the Target Group Companies to the Purchaser |
| “Director(s)” | the director(s) of the Company |
| “Group” | the Company and its subsidiaries |
| “Hong Kong” | the Hong Kong Special Administrative Region of the PRC |

| | |
|-----------------------------------|---|
| “Huawei Automobile” | Yangzhou Huawei Automobile Investment Management Co., Ltd. (揚州華為汽車投資管理有限公司) |
| “Listing Rules” | the Rules Governing the Listing of Securities on the Stock Exchange |
| “Ordinary Share(s)” | the ordinary shares of par value of US\$0.0000005 each in the share capital of the Company |
| “PRC” or “China” | the People’s Republic of China which for the purpose of this announcement, shall exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan |
| “Pro Forma Financial Information” | the unaudited pro forma combined statement of profit or loss for the year ended December 31, 2015 and the six months ended June 30, 2016 and the unaudited pro forma statement of financial position as of December 31, 2015 and June 30, 2016 of Huawei Automobile which gives effect to the Reorganization as if the Reorganization had been completed on January 1, 2015 |
| “Properties” | the properties which are owned by the Vendors, which are being used by the Target Group Companies to operate their business, which mainly include land use rights, buildings and carpark |
| “Purchaser” | Rundong Automobile Group Co., Ltd. (潤東汽車集團有限公司), a company incorporated in the PRC with limited liability and a wholly-owned subsidiary of the Company |
| “Reorganization” | the relevant companies held by the Vendors, either directly or indirectly, would be consolidated under Huawei Automobile pursuant to the terms and conditions of the Agreement |
| “RMB” | Renminbi, the lawful currency of the PRC |
| “SAIC” | State Administration For Industry & Commerce |
| “Shareholder(s)” | the shareholders of the Company |
| “Stock Exchange” | The Stock Exchange of Hong Kong Limited |

| | |
|--------------------------|---|
| “Target Group Companies” | Huawei Automobile; Yangzhou Deao Automobile Services Co., Ltd; Jiangsu Jintaiyang Automobile Sales & Services Co., Ltd; Taizhou Jintaiyang Automobile Trade Co., Ltd; Yangzhou Jintong Automobile Sales & Services Co., Ltd; Jiangsu Jintaiyang Ruizhong Automobile Trade Co., Ltd; Yangzhou Jinhua Automobile Sales & Services Co., Ltd; Yangzhou Jinmai Automobile Sales & Services Co., Ltd; Taizhou Jinpu Automobile Sales & Services Co., Ltd; Taizhou Jinbang Automobile Sales & Services Co., Ltd; Taizhou Jinao Automobile Sales & Services Co., Ltd; Taizhou Jinkun Automobile Sales & Services Co., Ltd; Zhenjiang Jinwei Automobile Sales & Services Co., Ltd; Jiangsu Jinao Automobile Sales & Services Co., Ltd; Dalian Shenlan Automobile Sales & Services Co., Ltd; Yangzhou Jindi Automobile Sales & Services Co., Ltd; Zhenjiang Jinao Automobile Sales & Services Co., Ltd; Nantong Yichang Automobile Sales & Services Co., Ltd; Huainan Xinao Automobile Sales & Services Co., Ltd; and for the purpose of this announcement, includes Yangzhou Junhong Property Co., Ltd and Yangzhou Ruiao Automobile Sales & Services Co., Ltd, where Huawei Automobile will hold 33% and 19% equity interest, respectively, after the Reorganization |
| “US\$” | US dollars, the lawful currency of the United States of America |
| “Vendor 1” | Mr. Dai Zhi Lin |
| “Vendor 2” | Mr. Zhu Jian Jun |
| “Vendor 3” | Jiangsu Jintaiyang Property Development Group Co., Ltd. (江蘇金太陽實業發展集團有限公司) |
| “Vendors” | collectively, Vendor 1, Vendor 2 and Vendor 3 |

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

Hong Kong, October 20, 2016

- * The English translation of the Chinese names or words in this announcement is included for identification purpose only, and should not be regarded as the official English translation of such Chinese names or words.

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.