China Yongda Automobiles Services Holdings Limited
中國永達汽車服務控股有限公司
(Incorporated in the Cayman Islands with limited liability)
(Stock Code: 03669)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED DECEMBER 31, 2015

The board of directors (the "**Board**") of China Yongda Automobiles Services Holdings Limited (the "**Company**") is pleased to announce the audited consolidated results of the Company and its subsidiaries (together, the "**Group**", "**we**", "**us**" or "**Yongda Automobile**") for the year ended December 31, 2015, together with comparative figures for the year ended December 31, 2014.

GROUP FINANCIAL HIGHLIGHTS

- Consolidated revenue including revenue from finance and insurance services was RMB36,079.3 million in 2015, an 8.6% increase from RMB33,224.3 million in 2014.
- Consolidated gross profit including revenue from finance and insurance services was RMB3,448.7 million in 2015, a 16.3% increase from RMB2,965.5 million in 2014.
- Consolidated gross profit margin including revenue from finance and insurance services was 9.56% in 2015, a 0.63 percentage point increase from 8.93% in 2014.
- Earnings before interests, taxation, depreciation and amortization (EBITDA) was RMB1,648.7 million in 2015, a 13.6% increase from RMB1,451.6 million in 2014.
- Net profit was RMB567.3 million in 2015, a 5.2% increase from RMB539.5 million in 2014.
- Net profit attributable to the owners of the Company was RMB524.5 million in 2015, a 4.7% increase from RMB501.1 million in 2014.
- Earnings per share (basic and diluted) was RMB0.35 in 2015.

MANAGEMENT DISCUSSION & ANALYSIS

MARKET REVIEW

In 2015, China's passenger vehicles maintained a relatively steady growth in sales volume as compared to 2014. According to China Association of Automobile Manufacturers, China's automobile sales volume was 21,150,000 units for 2015, representing an increase of 7.3% compared to the same period in 2014, among which, the sales volume of sport utility passenger vehicles recorded a faster growth at a growth rate of 52.4% as compared to the same period in 2014. In the second half of 2015, driven by China's preferential policies on vehicle purchases, the sales volume of passenger vehicles accelerated notably at a faster growth rate than the first half of the year. As the Chinese macro-economic condition further stabilizes, it is expected that the growth of the sales volume of passenger vehicles in China will recover moderately in 2016, with a faster growth compared to that of 2015.

In 2015, some of the manufacturers of luxury brand passenger vehicles took initiative to reduce their sales volume growth targets for 2015 in order to stabilize retail prices of new vehicles and reduce the inventories of dealers for the purpose of achieving a sustainable and sound growth in sales volume. As a result, the growth for the sales volume of luxury and ultra-luxury brand passenger vehicles in China stayed level in 2015. However, in medium- to long-term, driven by strong demand to update and upgrade products and the rising permeability of automobile retail finance, it is anticipated that the growth of the sales volume of luxury and ultra-luxury brand passenger vehicles in China will be notably faster than that of the overall passenger vehicles in China, and that the proportion of the sales volume of luxury and ultra-luxury brand passenger vehicles contributing to the sales volume of the passenger vehicles in China will further increase.

According to the statistics of Traffic Management Bureau of the Ministry of Public Security, vehicle ownership in China reached 172 million units by the end of 2015, ranking at the second place in the world, only after the United States of America (the "U.S."). With the continuous rise in passenger vehicle ownership and the aging of vehicles in China, the after-sales services market for passenger vehicles in China has maintained its fast growing pace in 2015. According to the White Paper on Financial Services of China's Automobile Dealership Groups issued jointly by Deloitte Touche Tohmatsu and China CITIC Bank in December 2014, 88% of the revenue of automobile dealers in China was derived from new vehicle sales, and only 12% was derived from after-market services, such as automobile maintenance, finance and insurance services, and pre-owned vehicles services; approximately 64% of the gross profit was derived from new vehicle sales, and less than 40% was derived from after-market services, such as automobile maintenance, finance and insurance services, and pre-owned vehicles services. According to the 2015 annual report of AutoNation, the largest automobile dealer in the U.S., the revenue and gross profit generated from new vehicle sales in 2015 only accounted for 57.4% and 20.3% of its total revenue and gross profit, respectively, while the remaining revenue and gross profit were generated from after-market services, such as automobile maintenance, accessories, finance and insurance services, and pre-owned vehicles services. These illustrate that there is big room for improvement in the after-market businesses, such as automobile maintenance, accessories, finance and insurance services, and pre-owned vehicles services in China.

According to the data from China Automobile Dealers Association, the transaction volume of pre-owned vehicles in China reached 9,420,000 units in 2015. According to the data analysis of the association, pre-owned vehicles in use for 3–6 years accounted for the largest portion of the transaction volume of pre-owned vehicles, representing 67% of the total transaction volume. With the increase in the vehicle ownership in China and the speeding up of updating and upgrading of products, the pre-owned vehicle sector in China has accelerated its growth. China Automobile Dealers Association forecasts that the transaction volume of pre-owned vehicles in China is expected to reach approximately 20 million units by 2020.

According to the data from the White Paper on Automobile Finance in China (2015) issued by Delottle Touche Tohmatsu, the permeability rate of automobile consumer finance in China for 2014 was merely 20%, whereas the permeability rate of automobile finance in the U.S. was 84%. Benefiting from higher level of acceptance of automobile finance among the younger generation and the increasing variety of automobile finance products, it is expected that the permeability of retail automobile finance in China will rise further in the future, creating huge potential for growth. Deloitte Touche Tohmatsu forecasts in the White Paper on Automobile Finance in China (2015) that the permeability of automobile finance in China in 2020 will reach 50%, and the market size is expected to exceed RMB2 trillion.

According to the information from Roland Berger, based on income, the highly fragmented long-term automobile rental market accounts for the largest portion of China's automobile rental market. Based on income, long-term automobile rental market increased from RMB7 billion in 2008 to RMB24 billion in 2013 with a CAGR of 28%. Driven by factors such as increased car use by corporations, financial optimization of corporations and reforms of government vehicles, the long-term automobile rental market in China will maintain a relatively fast growth with further integration in the future. According to the forecast by Deloitte Touche Tohmatsu in the White Paper on Automobile Finance in China (2015) as mentioned above, it is expected that the market size of China's automobile rental market in 2018 will amount to RMB58 billion.

Based on the latest data released by the Ministry of Industry and Information, the production and sales volume of the new energy vehicles for 2015 in China reached 340,000 units and 330,000 units, respectively, representing a year-on-year increase of 334% and 343% respectively. With the speedy launch of competitive vehicle models, more supportive national policies put in place, and the continuous improvement of infrastructure, it is believed that the new energy vehicles will enjoy great potential for growth in the future.

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, we achieved favorable growth in 2015. In 2015, our consolidated revenue and gross profit, taking into account the revenue from finance and insurance services, were RMB36,079 million and RMB3,449 million, respectively, representing an increase of 8.6% and 16.3% respectively compared to the corresponding period in 2014. Taking into account the revenue from finance and insurance services, our consolidated gross profit margin for 2015 was 9.56%, representing an increase of 0.63 percentage point compared to 8.93% for the same period in 2014. Our earnings before interests, taxation, depreciation and amortization (EBITDA), net profit and net profit attributable to owners of the Company were RMB1,649 million, RMB567 million and RMB524 million respectively for 2015, representing an increase of 13.6%, 5.2% and 4.7% respectively as compared to the same period in 2014. Set forth below is a summary of major developments of our business for 2015:

Stable Growth in New Vehicle Sales

Despite a slowdown in the overall automobile sales market, our sales volume of new vehicles witnessed a stable growth in 2015 and reached 116,439 units, representing a 12.4% increase compared to the same period in 2014, among which, the sales volume of luxury and ultra-luxury brand new vehicles reached 68,664 units in 2015, representing a 14.0% increase compared to the same period in 2014. Taking into account the revenue from the finance and insurance services, our consolidated sales revenue of new vehicle sales from our passenger vehicle sales and services segment was RMB31,662 million in 2015, representing a 7.4% increase compared to the same period in 2014, among which, the consolidated sales revenue of luxury and ultra-luxury brand new vehicles reached RMB25,588 million, representing a 6.1% increase compared to the same period in 2014. The Group's consolidated gross profit margin for new vehicles taking into account the revenue from the passenger vehicle sales and services segment including that from the finance and insurance services was 4.38% in 2015, representing an increase as compared to 4.18% in 2014.

With respect to the management and marketing of new vehicle sales, we further enhanced the retail rate of new vehicles, strengthened the marketing of the extended services, such as services of automobile finance, automobile insurance and automobile products, and strived to improve the comprehensive profitability of new vehicle per unit, to ensure a continued increase in the consolidated gross profit of new vehicle sales. In addition, we effectively controlled inventories and cost of sales, with focus on audit of sales prices of key vehicle models and multi-dimensional inventory management. Meanwhile, we actively introduced an innovative multi-channel selling pattern, which incorporates internet platform, capitalizes on efficient integration, sharing of intra-group resources and strengthening cooperation with reputable companies in the industry, which enhanced the marketing capability and brand effect. We also improved internal refined management and reinforced the effective use of customer resources, thus achieving the stable growth in new vehicle sales for 2015.

Fast Growth in After-sales Services

In 2015, we actively seized the opportunities brought by the rapid development of internet technology and the increase in the amount and frequency of online spending of customers, promoted and sold various after-sales products and services to our customers through our self-owned booking platform system for after-sales services as well as third party internet platforms, such as Tmall. This method helped to expand external customers inflow and offer flexibilities for our customers, and accordingly, achieved good results. Meanwhile, we launched the vehicle delivery and collection service with differentiated and customized services, which further increased customer dependency and achieved good results. Through the above measures and the continued improvement of internal business processes, our utilization rate of the maintenance workforce and average revenue contribution of after-sales services provided by maintenance staff recorded a rapid growth in 2015.

In respect of cost control, we effectively reduced the procurement cost of spare parts through parallel import and centralized procurement of certain spare parts. In particular, we cooperated with a renowned professional chemical manufacturer established in the U.S., to manufacture a professional series of care and maintenance products under a customized OEM self-owned "QUICKACT" brand, which reduces intermediate links/processes, while ensuring product quality and reducing procurement costs. Meanwhile, we made efforts to achieve stable increase in the sales volume of our customized OEM self-owned "QUICKACT" brand, which effectively increased gross profit of the care and maintenance products business and enhanced our competitiveness.

In respect of improvement of maintenance skills, we have established a technical support platform for automobile maintenance to provide our maintenance personnel with new channels for self-learning and exchange of ideas, and bring along more learning and skill enhancement opportunities. These measures would enable us to better identify and retain technical talents, thus reinforcing the echelon building of our maintenance personnel and maintaining our leading position in technical ability within the industry.

With respect to expanding the after-sales business of our 4S dealerships, we continued to actively develop our independent after-sales services outlets, with plans for the development of the independent after-sales businesses layout to consolidate and increase the market share of our after-sales services. We have made breakthroughs in each of the extended businesses since the start of the year, particularly with significant improvements in automobile decoration and modifications services, which strengthened and increased the overall after-sales gross profit margin.

In 2015, our after-sales services business (which is a branch of our passenger vehicle sales and services segment) mainly includes repair and maintenance services and automobile extended products and services, achieved a revenue of RMB4,135 million, representing an increase of 16.9% compared to the same period in 2014, among which, revenue from after-sales services for luxury and ultra-luxury brands reached RMB3,268 million, representing an increase of 19.8% compared to the same period in 2014. In 2015, our gross profit margin for after-sales services was 45.56%, which remained level as compared to 45.79% for the same period in 2014.

Rapid Growth of the Pre-owned Vehicle Business

We vigorously promoted the development of the pre-owned vehicle business and strived to build the most influential brand of pre-owned vehicle chain group in China. In 2015, we launched official website for "Yongda pre-owned vehicle mall" and WeChat platform, which closed the loop for online and offline transactions using big data system as a tool and with offline chain outlets to provide impetus to the offline to online ("O2O") interactive business. We have also expanded the functions of mobile access to satisfy the demand of different customers. We actively promoted the construction and operation of the chain outlets of "Yongda pre-owned vehicle mall", and have commenced the operations of 10 outlets in Zhabei, Longdong, Yuqiao, Zhonghuan, Songjiang, Qingpu, Jiading, Qibao, Nanhui and Changshu in the Shanghai and Jiangsu region. The offline outlet chain covers assessment services, acquisition services, extended services, agency services, and replacement services, which does not only a good customer experience center, but also the carrier of offline integrated business services. Meanwhile, the effective regional coverage and the capacity of chain expansion at low cost determined the core value of the closed-loop online and offline transaction.

Furthermore, we fully deployed pre-owned vehicle ERP system across the Group's nationwide network and implemented standardized business management. We issued Yongda authentication standards for pre-owned vehicles and implemented 168 professional inspection and quality standards under seven major categories in order to expand our brand influence. We achieved effective bundling between pre-owned vehicles and finance, insurance, extended warranty, supplies, maintenance and repair services, and enhanced the added-value of the pre-owned vehicles retail business. Meanwhile, we actively facilitated the connection between the pre-owned vehicle business and the strong internet marketing channels, such as Bitauto, Youxin and Alibaba Automobile. We launched the 12-12 Yongda Pre-owned Vehicle Carnival throughout China, aiming at promoting the brand effect.

Rapid Development of the Automobile Finance Business

In 2015, the automobile finance business of the Group witnessed a remarkable development. Both the business scale and probability increased significantly as compared to last year. In respect of the automobile finance agency business, the permeability rate of the Group's automobile finance agency business in 2015 increased by 73% compared to the same period of 2014. At the same time, our revenue of the automobile finance agency services from our passenger vehicle sales and services segment was RMB240 million in 2015, representing an increase of 78.2% as compared to RMB135 million in 2014; revenue from automobile insurance agency services was RMB192 million, representing an increase of 26.7% as compared to RMB151 million in 2014.

With respect to our proprietary business, our finance leasing services segment maintained its sound momentum of growth in 2015, creating additional interest-bearing assets of RMB1,458 million, with actual net profit of RMB46.26 million, representing an increase of 99.0% as compared to 2014. Along with the steady growth in the scale of our finance leasing business, the business structure of the automobile finance business has been further improved. The business from our retail channels accounted for 82.0%, which not only reduced the risk of the finance leasing assets, but also strengthened the connection with the end customers through financial means.

In particular, the contribution margin ratio of the above automobile finance agency and proprietary finance leasing business increased to 15.1% in 2015 from 10.9% for the year 2014, representing an increase of 38.5% as compared to 2014.

In October 2015, we have obtained the Notice on the Establishment of National Online Small Loan Companies after strict review and evaluation. The envisaged online small loan business will mainly be deployed in the small and short-term financial products for the automobile after-sales market. It will, leveraging on the existing offline channels and internet technologies, form the operating model of offline verifications, online reviews and centralized loan granting, thus resolving various funding issues encountered by our customers in the course of the use of automobiles.

With respect to financial investment, Yangtze United Financial Leasing Co., Ltd (長江聯合金融租賃有限公司) ("Yangtze United Financial Leasing"), a company in which we hold an equity interest, has commenced operation in June 2015. After a half-year of operation, it has made investments in the amount of over RMB6 billion and realized profit in the year. Yangtze United Financial Leasing mainly focuses on medium- and long-term project finance, which enjoys unparalleled advantages over ordinary finance leasing companies in terms of risk management and financial cost by capitalizing on the banking background of the principal promoter, and achieves the complementary effect and resources sharing with the Group's finance leasing business.

Proactive Layout of Automobile Rental Services

In 2015, revenue from our automobile rental services segment reached RMB330 million, representing an increase of 20.5% as compared to the same period in 2014. In 2015, the gross profit margin for our automobile rental services was 32.85%, representing an increase as compared to that of the same period in 2014.

In view of the room for development and opportunities in the automobile rental market, in terms of network layout, we proactively conducted the layout of rental network in provinces and cities outside Shanghai since 2015 and have achieved preliminary results. As of the end of 2015, we have set up automobile rental companies or commenced automobile rental operations in a number of cities, such as Guangzhou, Shenzhen, Chengdu, Hangzhou, Nanjing, Qingdao, Hefei, Fuzhou and Wuxi and at the same time proactively prepared for the establishment of new rental companies in more than ten cities across the country. Meanwhile, we actively explored opportunities for cooperation with companies with established customer base and relevant licenses in the markets across the country, such as Beijing, Tianjin, Yunnan and Hainan.

With respect to the advantageous businesses such as long-term rental and high-end business and conference limousine services, we actively introduced professional talents to ensure and improve our market share. In 2015, we obtained long-term rental and business and conference automobile rental business from certain renowned companies and institutions, and undertook the automobile rental business for certain major sports and cultural events. At the end of 2015, we reached a strategic cooperation agreement with Samsung Group in respect of enterprise automobile rental business of a number of Korea-invested enterprises in China, including Samsung. With respect to the online automobile rental reservation business, we established a specialized operating entity, built partnerships with famous domestic online automobile rental reservation platforms, injected our vehicles and drivers into such platforms and expanded our platform business. Furthermore, we developed cooperation with Foxconn, an internationally renowned enterprise, to prepare for the introduction of electric vehicles timeshare rental business, which has great market potential in Shanghai and Eastern China.

Commence the Exploration of the New Energy Vehicles Industry

The year of 2015 was the first year for the rapid development of new energy vehicles in China. New energy vehicle, as one of the three prominent strategic focuses of the country: energy, environmental protection and automobile industry, the sales volume of new energy vehicles recorded 330,000 units in 2015, representing a 3.4 times increase as compared to 2014. The central and local governments continually introduced preferential policies for new energy vehicles, such as licence plate bans exemption, unrestricted use of vehicles, price subsidies and tax subsidies for vehicle purchases. On the other hand, new energy vehicles dealers, rental companies and vehicle charging service providers also made good progress in production scale and improvement in vehicle charging system and actively launched different competitive vehicle models.

We actively captured the industry trend and business development. We entered into strategic cooperation agreement with Foxconn and China Telecom, pursuant to which all parties agreed to explore the construction of "4G^{+}Internet of vehicles+intelligent vehicle charging station+electric vehicles timeshare rental services network construction". We obtained authorization from 3 major domestic new energy vehicles brands (namely, Beijing Automobile Group, JAC and DENZA). We completed the preparation of our new energy vehicles experience center. We also proactively planned our new energy vehicles sales and service outlets in Shanghai and other regions of China as well as carried foward the relevant works for professional team reserves and industry research of charging station.

Built an Automobile Industry Ecosystem by Taking Advantage of "Internet+"

We laid foundations and put forward a transformative concept in the automobile e-commerce domain by taking advantage of "Internet+automobile" in 2014 and gradually created the rudimentary form of "Yongda Auto Life services e-commerce platform" through the efficient integration of the online and offline businesses in 2015. Yongda Automobile has already conducted strategic cooperation with major internet giants to lay a solid foundation for its internet e-commerce expansion.

In 2015, Yongda Automobile supplemented its offline business channels by taking advantage of the strengths of the internet platforms in order to further strengthen its offline channels. Yongda Automobile has established a Customer Relation Management core data cluster, through construction of the underlying data warehouse, alongside the scenario-mode customer lifecycle management platform of various businesses and the commerce intelligence engine platform, thereby establishing a large data center for Yongda Automobile, which serves as an important basis for operation and decision-making in the future. On the other hand, Yongda Automobile began to establish its O2O customer service platform with the principle of "focus on the customer". Meanwhile, it has built a management model of members loyalty and created an exclusive e-commerce ecosystem system for customers (i.e. "Yongda Auto Life services e-commerce platform") by services integration within the Yongda Automobile system. In the future, Yongda Automobile would be able to provide better integrated online and offline services for car owners by taking advantage of the scene-mode membership care service system in the automobile supply chain.

The year of 2015 was the exploratory year for the cooperation between us and other major internet platforms. We has broken through the previous pattern of individual offline physical entity operation by cooperating with reputable internet companies such as Alibaba Automobile, Uber, E Daijia, Bitauto and Youxinpai. In particular, we has furthered its strategic cooperation with Alibaba Automobile in 2015, Yongda Automobile launched its special new vehicle sales activities of Chevrolet Epica at its online franchise store during the Alibaba Automobile Festival in August, pioneered the full payment online mode of automobile purchase and broke down the previous regional sales restrictions with free distribution throughout the country. In addition, we sold out approximately 2,000 units within 13 days and the online payment amounted to over RMB120 million during the Alibaba Automobile Festival. We gained new business growth breakthrough based on the internet concept of sharing resources, data and users with major internet e-commerce platforms.

Continuous and Active Expansion of Our Network

In 2015, we persistently strived to pay more attention to self-owned outlets construction under the "streamlining, modularization and intensification" principle in relation to our outlets construction and layout, so that we could fully utilize the efficacy of our existing and future outlets.

In 2015, we obtained authorization to open 6 new passenger vehicles sales and services outlets focusing mainly on luxury and ultra-luxury brands, including 3 Volvo 4S dealerships, 1 DENZA 4S dealership, 1 Aston Martin 4S dealership and 1 Buick 4S dealership, particularly we opened 3 Volvo 4S dealerships and obtained authorization to open 1 DENZA electric vehicles 4S dealership in Southern China, which strengthened our outlet network in Southern China.

In 2015, we opened 21 new passenger vehicle sales and services outlets mainly for luxury and ultra-luxury brands, including 6 BMW 4S dealerships, 3 Audi 4S dealerships, 2 Jaguar/Land Rover 4S dealerships, 2 Lincoln 4S dealerships, 3 Volvo 4S dealerships, 1 Infiniti 4S dealership, 1 Lexus 4S dealership, 1 DENZA electric vehicles 4S dealership, 1 FAW-Volkswagen 4S dealership and 1 Ford 4S dealership.

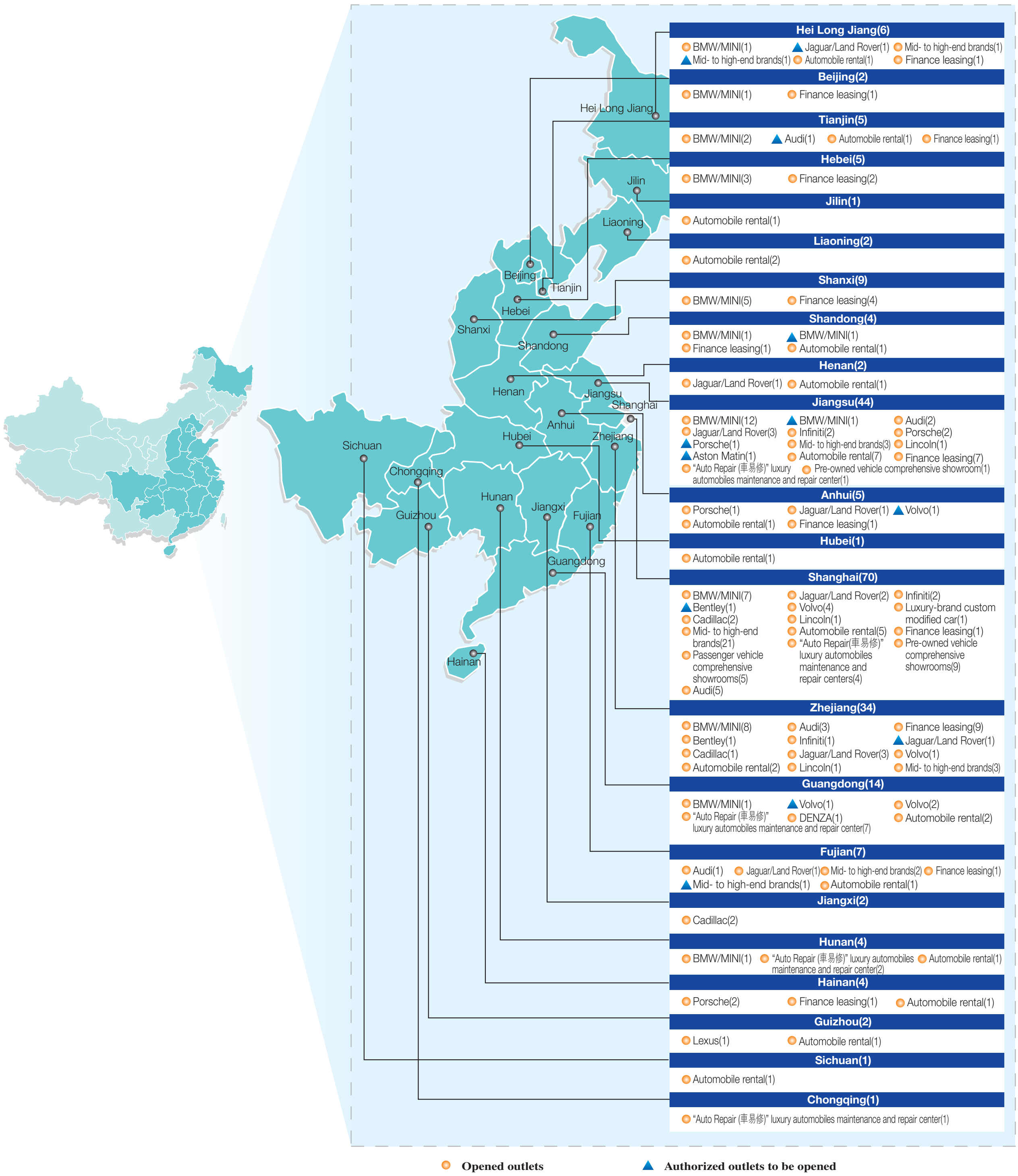
In 2015, we opened 10 "Auto Repair (車易修)" luxury automobile maintenance and repair centers located in Shanghai, Guangdong, Jiangsu and Chongqing respectively.

In 2015, we actively expanded our network of automobile rental services, pre-owned vehicle and passenger vehicle comprehensive showrooms by establishing 17 branches for automobile rental services, 8 pre-owned vehicle comprehensive showrooms and 2 passenger vehicle comprehensive showrooms.

The table below sets forth the details of our outlets as of December 31, 2015:

	Outlets opened	**Outlets authorized to open**	**Total**
Luxury and ultra-luxury brand 4S dealerships	77	9	86
Mid- to high-end brand 4S dealerships	30	2	32
Luxury brands city showrooms	10	0	10
Luxury brands authorized service centers	4	1	5
Luxury brands authorized certified pre-owned vehicle centers	2	0	2
Total manufacturer authorized outlets	123	12	135
Self-owned "Auto Repair (車易修)" luxury automobile maintenance and repair centers	15	—	15
Automobile rental services outlets	30	—	30
Finance leasing outlets	30	—	30
Passenger vehicle comprehensive showrooms	5	—	5
Pre-owned vehicle comprehensive showrooms	10	—	10
Total self-owned outlets	90	—	90
Total outlets	213	12	225

We continued to operate our extensive network with the Yangtze River Delta as the center and have expanded our network to other regions in China, such as Northern China, Northeast China, Central China and Southern China. We have a total of 225 outlets opened and authorized to open, which are located across 4 municipalities and 58 cities in 18 provinces in China as of December 31, 2015. The geographic coverage of our outlets is illustrated below:



Note:

Mid- to high-end brands include: Buick, Chevrolet, FAW-Volkswagen, Shanghai-Volkswagen, Ford, Skoda, GAC-Honda, GAC-Toyota, FAW Toyota and Roewe.

Continuously Improving Management Capability

In 2015, along with our continuous and steady business expansion, we reaffirmed our customer-oriented management concept, emphasized on customer service as the driving force of management, and re-constructed our management processes and service standards from customers' perspective and emphasized on continuous improvement and innovation, and we continued to enhance our management through the following measures so as to create our core competitive edge:

Channel Reforms: We commenced channel reforms which focus on customer contact and experience and implemented an integrated online and offline channel strategy. We also expanded the monotonic offline physical automobile sales and service outlets into channel outlets which consist of related automobile supply chain, such as automobile sales and service, pre-owned vehicle, automobile finance and automobile lifestyle commodities, so that our customers could enjoy the comprehensive one-stop Auto Life services. Meanwhile, we focused on constructing online mobile terminal entrance by establishing internet e-commerce platform, so that our customers can obtain service responses timely.

Quality Control: We firmly believe in the principle of "brand is the life of enterprise" and firmly adhere to an honest operation mode. We monitored the service quality of channel outlets through a centralized customer service hotline so as to speedily respond to customers' queries. Externally, we continued to improve our service quality through the feedback from external customer interviews; internally, we continued to improve our service level and capability through internal skills contests in the marketing, after-sales service and finance departments.

Process Optimization: We reviewed our business processes based on customer experience and consumption habits, and established several cross-departmental units in order to seamlessly integrate different businesses, as classified by their original functions, into scene-mode service processes by means of performance integration, so that we can satisfy customer demands to the greatest extent and at the same time significantly improve efficiency and maximizing our channel value.

Team Building: We fully designated customer service responsibilities to our teams to ensure the service quality through the improvement of service awareness and job skills of our employees. We strengthened our efforts in the introduction of external talents and cultivation of internal talents to satisfy the business management needs resulting from production chain expansion. We improved the remuneration and assessment management system by closely linking business operation results with team performance. Meanwhile, we also satisfied the young characteristics and consumption trend of our customer base through strengthening the reserve and cultivation of our young talents.

Organization and Coordination: Combining the advantages of our industrial scale and diversified characteristics of the Group, we achieved synergy effect in brand business management, regional management, remuneration and performance management and financing management so as to better reduce operation costs and improve management efficiency. When facing customers, our organization form and response mechanism serve as strong anchor and present ourselves as the forerunner of a top-tier service team.

ANNUAL RESULTS

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended December 31, 2015

	NOTES	**2015**	2014
		RMB'000	*RMB'000*
Revenue	*3*	**35,657,593**	32,937,975
Cost of sales and services		**(32,630,645)**	(30,258,756)
Gross profit		**3,026,948**	2,679,219
Other income and other gains and losses	*4*	**414,569**	374,787
Distribution and selling expenses		**(1,503,417)**	(1,287,515)
Administrative expenses		**(730,091)**	(647,759)
Finance costs		**(447,070)**	(422,329)
Share of profits of joint ventures		**12,530**	8,181
Share of profits of associates		**3,066**	651
Profit before tax	*5*	**776,535**	705,235
Income tax expense	*6*	**(209,201)**	(165,755)
Profit and total comprehensive income for the year		**567,334**	539,480
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		**524,468**	501,130
Non-controlling interests		**42,866**	38,350
		567,334	539,480
Earnings per share — basic and diluted	*8*	**RMB0.35**	RMB0.34

Consolidated Statement of Financial Position

At December 31, 2015

	NOTES	**2015**	2014
		RMB'000	*RMB'000*
Non-current assets			
Property, plant and equipment		**3,578,068**	3,210,162
Prepaid lease payments		**978,275**	578,739
Goodwill		**286,624**	286,624
Intangible assets		**530,053**	490,421
Deposits paid for acquisition of property, plant and equipment		**118,683**	101,205
Deposits paid for acquisition of land use rights		**24,607**	41,230
Available-for-sale investments	*9*	**91,845**	—
Interests in joint ventures		**80,109**	76,246
Interests in associates		**166,068**	15,106
Finance lease receivables	*10*	**207,719**	467,969
Deferred tax assets		**92,756**	102,557
		6,154,807	5,370,259
Current assets			
Prepaid lease payments		**28,504**	15,285
Inventories	*11*	**4,083,064**	4,324,167
Finance lease receivables	*10*	**569,926**	357,144
Trade and other receivables	*12*	**3,533,562**	3,353,186
Amounts due from related parties		**67,382**	37,874
Cash in transit		**99,817**	72,125
Pledged bank deposits		**1,138,209**	1,515,013
Bank balances and cash		**1,531,993**	1,874,217
		11,052,457	11,549,011
Current liabilities			
Trade and other payables	*13*	**4,682,769**	4,986,004
Amounts due to related parties		**2,508**	11,370
Income tax liabilities		**442,789**	427,908
Borrowings		**3,902,214**	4,855,730
Short-term debenture	*14*	**797,422**	—
Medium-term note		**1,157,472**	—
		10,985,174	10,281,012
Net current assets		**67,283**	1,267,999
Total asset less current liabilities		**6,222,090**	6,638,258

	NOTES	2015 RMB'000	2014 RMB'000
Non-current liabilities			
Borrowings		**250,928**	198,757
Medium-term note		**—**	1,153,682
Convertible bonds		**928,911**	883,669
Other liabilities	*13*	**337,398**	118,515
Deferred tax liabilities		**104,418**	107,945
		1,621,655	2,462,568
Net assets		**4,600,435**	4,175,690
Capital and reserves			
Share capital		**12,065**	12,065
Reserves		**4,225,130**	3,831,826
Equity attributable to owners of the Company		**4,237,195**	3,843,891
Non-controlling interests		**363,240**	331,799
Total equity		**4,600,435**	4,175,690

1. GENERAL INFORMATION AND BASIS OF PRESENTATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Company is a public limited company incorporated in the Cayman Islands on November 7, 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The Company's registered office is located at 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands and its principal place of business in Hong Kong is Unit 5708, 57/F, The Center, 99 Queen's Road Central, Hong Kong.

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services, automobile rental services, provision of automobile finance leasing service and distribution of automobile insurance products and automobile financial products,in the PRC. The Company and its subsidiaries are collectively referred to as the "Group" hereafter.

The consolidated financial statements are presented in Renminbi (the "RMB"), which is the same as the functional currency of the Company.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS ("IFRSs")

The Group has applied the following amendments to IFRSs and a new Interpretation issued by the International Accounting Standards Board ("IASB") for the first time in the current year.

Amendments to IAS 19	Defined Benefit Plans: Employee Contributions
Amendments to IFRSs	Annual Improvements to IFRSs 2010–2012 Cycle
Amendments to IFRSs	Annual Improvements to IFRSs 2011–2013 Cycle

The application of the amendments to IFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised standards that have been issued but are not yet effective:

IFRS 9	*Financial Instruments*[1]
IFRS 14	*Regulatory Deferral Accounts*[2]
IFRS 15	*Revenue from Contracts with Customers*[1]
IFRS 16	*Leases*[3]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[4]
Amendments to IAS 1	*Disclosure Initiative*[4]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[4]
Amendments to IFRSs	*Annual Improvements to IFRSs 2012-2014 Cycle*[4]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[4]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[4]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[5]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[4]
Amendments to IAS 7	*Disclosure Initiative*[6]
Amendments to IAS 12	*Recognition of Deferred Tax Assets for Unrealised Losses*[6]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for first annual IFRS financial statements beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2019
4 Effective for annual periods beginning on or after 1 January 2016
5 Effective for annual periods beginning on or after a date to be determined
6 Effective for annual periods beginning on or after 1 January 2017

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities' credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.

- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors do not anticipate that the application of IFRS 9 will have a material effect on the Group's consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group's consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations*

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 12 *Income Taxes* regarding the recognition of deferred taxes at the time of acquisition and IAS 36 *Impairment of Assets* regarding impairment testing of a cash-generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments should be applied prospectively to acquisitions of interests in joint operations (in which the activities of the joint operations constitute businesses as defined in IFRS 3) occurring from the beginning of annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 11 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise.

Amendments to IAS 1 *Disclosure Initiative*

The amendments to IAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 Investments in Associates and Joint Ventures deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after 1 January 2016. The directors of the Company anticipate that the application of these amendments to IFRS 10 and IAS 28 may have an impact on the Group's consolidated financial statements in future periods should such transactions arise

Amendments to IFRS 10, IFRS 12 and IAS 28 *Investment Entities: Applying the Consolidation Exception*

The amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide services and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group's consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

Annual Improvements to IFRSs 2012-2014 Cycle

The *Annual Improvements to IFRSs 2012-2014 Cycle* include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or a disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high qualify corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors of the Company do not anticipate that the application of these amendments will have a material effect on the amounts recognised in the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

Information reported to the executive directors, being the Group's chief operating decision maker who reviews the segment revenues and results when making decisions about allocating resources and assessing performance, focuses on the products and services delivered or provided. For passenger vehicle sales and services, the executive directors review the financial information of each outlet, hence each outlet constitutes a separate operating unit. However, the outlets possess similar economic characteristics, and are similar in terms of products and services, customers, methods used to distribute products and provide services, and regulatory environment. Therefore, all outlets are aggregated into one reportable segment, namely "passenger vehicle sales and services", for segment reporting purposes.

The Group's reportable segments are as follows:

- Passenger vehicle sales and services — (i) sale of passenger vehicles; (ii) provision of after-sales services, including primarily repair and maintenance services, certain auxiliary automobile sales related services and provision of other automobile-related services, such as vehicle inspection, title transfer and registration and pre-owned vehicle agency;

- Automobile rental services; and

- Finance leasing services.

Segment revenues and results

	Passenger vehicle sales and services *RMB'000*	**Automobile rental services** *RMB'000*	**Finance leasing services** *RMB'000*	**Elimination** *RMB'000*	**Total** *RMB'000*
For the year ended December 31, 2015					
External revenue	**35,235,308**	**330,183**	**92,102**	**—**	**35,657,593**
Inter-segment revenue	**130,387**	**—**	**34,564**	**(164,951)**	**—**
Segment revenue	**35,365,695**	**330,183**	**126,666**	**(164,951)**	**35,657,593**
Segment cost *(note a)*	**32,527,648**	**221,722**	**35,968**	**(154,693)**	**32,630,645**
Segment gross profit	**2,838,047**	**108,461**	**90,698**	**(10,258)**	**3,026,948**
Service income	**432,126**	**—**	**—**	**(10,384)**	**421,742**
Segment result	**3,270,173**	**108,461**	**90,698**	**(20,642)**	**3,448,690**
Other income and other gains and losses *(note b)*					**(7,173)**
Distribution and selling expenses					**(1,503,417)**
Administrative expenses					**(730,091)**
Finance costs					**(447,070)**
Share of profits of joint ventures					**12,530**
Share of profits of associates					**3,066**
Profit before tax					**776,535**

Note: The segment cost of finance leasing service is mainly composed of finance costs.

	Passenger vehicle sales and services *RMB'000*	Automobile rental services *RMB'000*	Finance leasing services *RMB'000*	Elimination *RMB'000*	Total *RMB'000*
For the year ended December 31, 2014					
External revenue	32,611,476	273,904	52,595	—	32,937,975
Inter-segment revenue	129,755	—	—	(129,755)	—
Segment revenue	32,741,231	273,904	52,595	(129,755)	32,937,975
Segment cost *(note a)*	30,174,407	199,217	14,887	(129,755)	30,258,756
Segment gross profit	2,566,824	74,687	37,708	—	2,679,219
Service income	286,297	—	—	—	286,297
Segment result	2,853,121	74,687	37,708	—	2,965,516
Other income and other gains and losses *(note b)*					88,490
Distribution and selling expenses					(1,287,515)
Administrative expenses					(647,759)
Finance costs					(422,329)
Share of profits of joint ventures					8,181
Share of profits of associates					651
Profit before tax					705,235

Notes:

a. The segment cost of finance leasing service is mainly composed of finance costs.

b. The balance is excluded the service income generated from passenger vehicle sales and services segment, which is included in the segment result above.

The accounting policies of the operating segments are same as those of the Group. Segment result represents the profit earned by each segment without allocation of other income and other gains and losses other than service income (Note 4), distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits of associates. This is the measure reported to the executive directors for the purposes of resource allocation and performance assessment. No analysis of segment assets and liabilities are presented as it is not regularly reviewed by the board of the directors.

Geographical information

All of the Group's revenue is generated from passenger vehicle sales and services, and provision of automobile rental services and finance leasing services in the PRC and all of the Group's principal assets and liabilities for operation are located in the PRC.

Information about major customers

No single customer accounted for 10% or more of the Group's revenue for both years.

Revenue from major products and services

	2015 *RMB'000*	2014 *RMB'000*
Sale of passenger vehicles:		
— Luxury and ultra-luxury brands *(note a)*	**25,128,211**	23,831,466
— Mid- to high-end brands *(note b)*	**5,977,097**	5,242,622
Subtotal	**31,105,308**	29,074,088
After-sales services	**4,130,000**	3,537,388
Automobile rental services	**330,183**	273,904
Finance leasing services	**92,102**	52,595
	35,657,593	32,937,975

Notes:

a. Luxury and ultra-luxury brands include BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Infiniti, Lincoln, Cadillac, Volvo and Lexus.

b. Mid- to high-end brands include Buick, Chevrolet, Volkswagen, Ford, Skoda, Toyota, Honda, and others.

4. OTHER INCOME/OTHER GAINS AND LOSSES

	2015 *RMB'000*	2014 *RMB'000*
Other income comprises:		
Service income *(note a)*	**421,742**	286,297
Advertising support received from automobile manufacturers *(note b)*	**14,789**	19,608
Government grants *(note c)*	**24,845**	25,198
Interest income on bank deposits	**13,271**	20,291
Others	**2,498**	—
	477,145	351,394
Other gains and losses comprise:		
Loss on disposal of property, plant and equipment	**(10,749)**	(1,705)
Impairment loss on available-for-sale investment	**(14,030)**	—
Impairment loss on other receivables	**(8,020)**	—
Net foreign exchange (losses) gains	**(29,263)**	10,362
Gain on disposal of interest in an associate	**—**	8,195
Gain on disposal of a subsidiary	**—**	7,656
Gain on subsequent adjustment to acquisition consideration	**—**	3,311
Gain on partial disposal of a joint venture	**—**	67
Others	**(514)**	(4,493)
	(62,576)	23,393
Total	**414,569**	374,787

Notes:

a. Service income was primarily derived from distribution of automobile insurance products and automobile financial products.

b. Advertising support was received from automobile manufacturers in connection with their marketing campaigns.

c. Government grants represent unconditional grants received from local finance bureaus in compensation for expenses incurred by the Group.

5. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	2015	2014
	RMB'000	*RMB'000*
Staff costs, including directors' remuneration:		
Salaries, wages and other benefits	**761,078**	701,145
Retirement benefits scheme contributions	**86,782**	85,750
Share-based payment expenses	**16,012**	28,272
Total staff costs	**863,872**	815,167
Auditors' remuneration:		
— in respect of audit service for the Company	**6,000**	6,000
— in respect of the statutory audits for the subsidiaries of the Company	**2,764**	2,526
Total auditors' remuneration	**8,764**	8,526
Cost of inventories recognized as an expense	**32,356,696**	30,164,505
Depreciation of property, plant and equipment	**366,283**	292,465
Operating lease rentals	**169,379**	153,748
Release of prepaid lease payments	**14,454**	12,895
Amortization of intangibles assets	**12,552**	7,219

6. INCOME TAX EXPENSE

	2015	2014
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income tax ("EIT")	**202,927**	221,569
Overprovision of PRC EIT in prior years	**—**	(2)
	202,927	221,567
Deferred tax		
Current year	**6,274**	(55,812)
	209,201	165,755

The tax charge for the year can be reconciled to the profit before tax as follows:

	2015	2014
	RMB'000	*RMB'000*
Profit before tax	**776,535**	705,235
Tax at the PRC EIT rate of 25%	**194,134**	176,308
Tax effect of expenses not deductible for tax purpose	**4,482**	4,834
Tax effect of income not taxable for tax purpose	**(5,161)**	(10,906)
Tax effect of share of results of associates and joint ventures	**(3,899)**	(2,208)
Tax effect of losses of offshore entities not recognized	**19,645**	7,395
Utilization of tax losses previously not recognized of acquired subsidiaries	**—**	(9,666)
Overprovision of PRC EIT in prior years	**—**	(2)
Income tax expense for the year	**209,201**	165,755

The Company and Sea of Wealth International Investment Company Limited, a subsidiary of the Company, are tax exempted companies incorporated in the Cayman Islands and British Virgin Islands, respectively.

Grouprich International Investment Holdings Limited, a subsidiary of the Company, was incorporated in Hong Kong and had no assessable profits subject to Hong Kong Profits Tax since its incorporation.

Under the Law of the PRC on EIT and Implementation Regulations of the EIT Law, the tax rate of the PRC subsidiaries is 25%. The income tax rate of 25% is applicable to all of the Group's PRC subsidiaries.

7. DIVIDENDS

During the year ended December 31, 2015, a final dividend of RMB0.10 per share in respect of the year ended December 31, 2014 was declared and paid out of share premium to the owners of the Company in Hong Kong dollars (the "HK$") based on the medium exchange rate between RMB and HK$ as announced by the People's Bank of China on 8 May 2015 (HK$1.00 to RMB0.78863). The aggregate amount of the final dividend declared and paid in the year ended December 31, 2015 amounted to RMB148,002,000.

During the year ended December 31, 2014, a final dividend of RMB0.12 per share in respect of the year ended December 31, 2013 was declared and paid out of share premium to the owners of the Company in HK$ based on the medium exchange rate between RMB and HK$ as announced by the People's Bank of China on May 16, 2014 (HK$1.00 to RMB0.79501). The aggregate amount of the final dividend declared and paid in the year ended December 31, 2014 amounted to approximately RMB177,603,000.

A final dividend of RMB0.105 per share in respect of the year ended December 31, 2015 has been proposed by the directors and is subject to approval by the shareholders in the upcoming annual general meeting.

8. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to owners of the Company is based on the following data:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Profit for the year attributable to owners of the Company	**524,468**	501,130
	'000	*'000*
Number of shares		
Number of ordinary shares for the purpose of basic earnings per share	**1,480,022**	1,480,022

No conversion of the convertible bonds is assumed for the purpose of the calculation of diluted earnings per share because they are anti-dilutive.

Outstanding share options of the Company during the years ended December 31, 2015 and 2014 have not been included in the computation of diluted earnings per share as they did not have a dilutive effect on the Company's earnings per share for the years ended December 31, 2015 and 2014.

9. AVAILABLE-FOR-SALE INVESTMENT

Available-for-sale investment comprises:

	2015	2014
	RMB'000	*RMB'000*
Listed equity securities *(note a)*	**38,972**	—
Unlisted equity securities *(note b)*	**52,873**	—
	91,845	—

Notes:

a. The above listed equity investments represent investments in listed equity securities issued by a listed entity established in the PRC. They are measured at fair value less impairment at the end of each reporting period. In 2015, the Group acquired the unlisted equity securities at cost of approximately RMB53,002,000, which subsequently became listed equity securities. During the year ended December 31, 2015, losses of approximately RMB14,030,000 that arise as a result of changes in fair value in the listed equity investments are recognised as impairment loss and recorded in other gains and losses.

b. The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. They are measured at cost less impairment at the end of each reporting period because the range of reasonable fair value estimates is so significant that the Directors of the Company are of the opinion that their fair values cannot be measured reliably.

10. FINANCE LEASE RECEIVABLES

Certain motor vehicles of the Group are leased out under finance leases. All interest rates inherent in the leases are fixed at the contract date over the lease terms.

	2015	2014
	RMB'000	*RMB'000*
Analysed as:		
Current	**569,926**	357,144
Non-current	**207,719**	467,969
	777,645	825,113

	Minimum lease payments		**Present value of minimum lease payments**	
	2015	2014	**2015**	2014
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
Finance lease receivables comprise:				
Within one year	**593,010**	398,319	**569,926**	357,144
In more than one year but not more than two years	**200,983**	193,321	**176,406**	150,091
In more than two years but not more than five years	**37,529**	372,290	**31,313**	317,878
	831,522	963,930	**777,645**	825,113
Less: unearned finance income	**(53,877)**	(138,817)	**N/A**	N/A
Present value of minimum lease payment receivables	**777,645**	825,113	**777,645**	825,113

Effective interest rates of the above finance leases were around 12% (2014: 12%) per annum.

During the year ended December 31, 2015, the finance lease receivables of approximately RMB525.5 million (2014: RMB275.3 million) was transferred to financial institutions by discounting those receivables. As the Group has transferred substantially all the risks and rewards relating to these receivables, the transferred financial assets are derecognised in their entirety.

At December 31, 2015, the Group received deposits from customers under finance leases. Among the customers' deposits received, approximately RMB337,398,000 (2014: RMB101,603,000) and RMB180,001,000 (2014: RMB65,207,000) (Note 13) were recognized as other non-current liabilities and current liabilities, respectively.

11. INVENTORIES

	2015	2014
	RMB'000	*RMB'000*
Motor vehicles	**3,559,841**	3,905,713
Spare parts and accessories	**523,223**	418,454
	4,083,064	4,324,167

Certain of the Group's inventories with a carrying amount of approximately RMB694,439,000 and RMB689,368,000 as at December 31, 2015 and 2014, respectively, were pledged as security for the Group's short-term bank loans and other borrowings.

Certain of the Group's inventories with a carrying amount of approximately RMB739,828,000 and RMB1,352,665,000 as at December 31, 2015 and 2014, respectively, were pledged as security for the Group's bills payable.

12. TRADE AND OTHER RECEIVABLES

The Group's credit policies towards its customers are as follows:

a. In general, deposits and advances are required and no credit period is allowed for sales of automobiles, while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicles sales and after-sales services, a credit period not exceeding 90 days is granted;

b. For automobile rental services, the Group typically allows a credit period of 30 to 180 days to its customers.

	2015	2014
	RMB'000	*RMB'000*
Current		
Trade receivables *(note a)*	**305,247**	203,013
Other receivables comprise:		
Payments and deposits to suppliers	**797,719**	841,737
Deposits to entities controlled by suppliers for borrowings	**107,720**	122,400
Payments and rental deposits on properties	**56,341**	64,779
Rebate receivables from suppliers	**1,753,903**	1,664,046
Insurance commission receivables	**53,500**	33,610
Staff advances	**8,835**	10,555
Value-Added Tax recoverable	**257,244**	265,617
Advances to non-controlling shareholders *(note b)*	**39,549**	25,118
Advances to independent third parties *(note c)*	**25,100**	25,100
Receivables on disposal of a subsidiary *(note d)*	**6,420**	10,500
Others	**130,004**	86,711
Less: allowance for doubtful debts	**(8,020)**	—
	3,228,315	3,150,173
	3,533,562	3,353,186

Notes:

a. During the year ended December 31, 2014, the trade receivables of approximately RMB100 million was transferred to a financial institution by discounting those receivables. As the Group has transferred substantially all the risks and rewards relating to these receivables, the transferred financial assets are derecognised in their entirety.

b. The balances are unsecured, interest-free and repayable on demand. The balance of approximately RMB11,819,000 was settled by dividends declared and payable to such non-controlling interest during the year ended December 31, 2015.

c. The balances are unsecured, interest-free and repayable on demand. The balance of approximately RMB1,600,000 are individually impaired due to the ageing above one year.

d. In 2014, the Group disposed of the entire equity interests in an entity at a consideration of approximately RMB15,500,000 to an independent third party. As of December 31, 2014, the consideration of approximately RMB10,500,000 was not received. During the year ended December 31, 2015, the balance of approximately RMB4,080,000 was set off against the payable to the entity. In 2015, the Group provided the allowance of the remaining balance, approximately RMB6,420,000, due to the difficulties in collection.

The following is an ageing analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting periods, which approximated the respective revenue recognition dates:

	2015	2014
	RMB'000	*RMB'000*
0 to 180 days	**305,247**	203,013

None of the trade receivables are past due but not impaired as at the end of the reporting periods. The Group did not notice any deterioration in the credit quality of its trade receivables. Before accepting any new customer, the Group assesses the potential customer's credit quality and defines credit limits by customer.

Movement in the allowance for doubtful debts

	RMB'000
January 1, 2015	**—**
Impairment losses recognised on receivables	**(8,020)**
December 31, 2015	**(8,020)**

13. TRADE AND OTHER PAYABLES/OTHER LIABILITIES

	2015 *RMB'000*	2014 *RMB'000*
Trade payables	**325,854**	284,811
Bills payables	**2,540,682**	2,365,812
	2,866,536	2,650,623
Other payables		
Other tax payables	**88,652**	49,867
Advances and deposits from customers	**1,035,324**	1,621,283
Payable for acquisition of property, plant and equipment	**112,436**	165,321
Rental payables	**29,895**	48,854
Salary and welfare payables	**47,786**	50,760
Accrued interest	**30,827**	31,823
Accrued audit fee	**3,800**	4,000
Other accrued expenses	**10,703**	41,174
Transaction costs payable for issue of short-term debenture *(Note 14)*	**1,000**	—
Transaction costs payable for issue of medium-term note	**626**	3,445
Transaction costs payable for issue of convertible bonds	**16,912**	16,912
Consideration payables for acquisition of subsidiaries *(note a)*	**17,045**	48,979
Advance from non-controlling shareholders *(note a)*	**126,781**	124,683
Advance from former shareholders of acquired subsidiaries	**2,688**	2,688
Advance from an independent third party *(note b)*	**—**	4,080
Deposits received from customers under finance leases *(Note 10)*	**180,001**	65,207
Others	**111,757**	56,305
	1,816,233	2,335,381
	4,682,769	4,986,004
Non-current		
Other liabilities		
Deposits received from customers under finance leases *(Note 10)*	**337,398**	101,603
Transaction costs payable for issue of convertible bonds	**—**	16,912
	337,398	118,515

Notes:

a. The balances are unsecured, interest-free and repayable within one year from the end of the reporting period.

b. During the year ended December 31, 2015, the balance of advance from an independent third party was set off against the receivable from the same counterparty as set out in Note 12.

Prepayments and deposits are in general required to be paid to suppliers before making purchases. The Group's trade payables mainly relate to purchase of spare parts and accessories. A credit period not exceeding 90 days is generally granted by certain suppliers to the Group for the purchase of spare parts and accessories. Bills payable primarily relates to the Group's use of bank acceptance notes to finance its purchase of passenger vehicles, with a credit period of one to three months.

The following is an ageing analysis of the Group's trade and bills payables presented based on invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
0 to 90 days	**2,866,536**	2,650,623

14. SHORT-TERM DEBENTURE

On September 22, 2015, Shanghai Yongda Investment Holdings Group Co., Ltd. ("Shanghai Yongda Investment"), an indirect wholly-owned subsidiary of the Company, has received a notice of acceptance of registration (the "Notice") issued from National Association of Financial Market Institutional Investors ("NAFMII") to issue a short-term debenture of an aggregate registered amount of RMB1.6 billion. According to the Notice, the registered amount will be effective for two years commencing from the date of issue of the Notice.

On October 20, 2015, Shanghai Yongda Investment issued the first tranche of the short-term debenture of an aggregate principal amount of RMB0.8 billion with a term of one year from the date of issuance.

The Short-term debenture is unsecured and carries interest at a rate of 4% per annum. The interest is payable upon maturity. The short-term debenture was issued to domestic institutional investors in the PRC which are independent third parties.

At December 31, 2015, unpaid transaction costs of approximately RMB1,000,000 (Note 13) are recognized as current liabilities respectively. The Group paid transaction costs of approximately RMB2,200,000 during the year ended December 31, 2015.

Movement of the short-term debenture during the year ended December 31, 2015 was as follows:

	RMB'000
Issue on October 20, 2015	**800,000**
Less: capitalized transaction cost in relation to issuance	**(3,200)**
Add: interest expenses	**622**
At December 31, 2015	**797,422**

During the year ended December 31, 2015, interest expenses of approximately RMB6,223,000 was recognized. As at December 31, 2015, unpaid interest expenses of approximately RMB6,223,000 was accrued in other payables.

15. SUBSEQUENT EVENT

On January 17, 2016, the Company's indirect wholly owned subsidiary, Shanghai Yongda Investment Holding Group Limited entered into a binding framework agreement with a company (the "A-share Listco") whose shares are listed on the Shenzhen Stock Exchange of the PRC in respect of a proposed transfer of certain assets by the Group in exchange for certain equity interests in the A-share Listco. Such transaction, if material, may constitute a Spin-off under the Rules governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and separate listing of the assets to be transferred on the Shenzhen Stock Exchange.

FINANCIAL REVIEW

Revenue

Revenue was RMB35,657.6 million in 2015, a 8.3% increase from RMB32,938.0 million in 2014, which was primarily due to the fast growth of our after-sales services, automobile rental services and finance leasing services. The table below sets forth a breakdown of our revenue and relevant information of various business segments for the periods indicated:

	For the year ended December 31,					
	2015			2014		
	Amount *(RMB in thousands)*	**Sales Volume** *(Units)*	**Average Selling Price** *(RMB in thousands)*	Amount *(RMB in thousands)*	Sales Volume *(Units)*	Average Selling Price *(RMB in thousands)*
Passenger Vehicle Sales						
Luxury and ultra-luxury brands	**25,226,251**	**68,664**	**367**	23,891,310	60,237	397
Mid to high end brands	**6,003,948**	**47,775**	**126**	5,312,260	43,365	123
Subtotal	**31,230,199**	**116,439**	**268**	29,203,570	103,602	282
After-sales services	**4,135,496**	**—**	**—**	3,537,661	—	—
Automobile rental services	**330,183**	**—**	**—**	273,904	—	—
Finance leasing services	**126,666**	**—**	**—**	52,595	—	—
Less: inter-segment eliminations	**(164,951)**	**—**	**—**	(129,755)	—	—
Total	**35,657,593**	**—**	**—**	32,937,975	—	—

The sales volume of passenger vehicle sales and services segment was 116,439 units in 2015, a 12.4% increase from 103,602 units in 2014, among which the sales volume of luxury and ultra-luxury brand passenger vehicle in 2015 was 68,664 units, a 14.0% increase from 60,237 units in 2014.

Revenue of passenger vehicle sales from the passenger vehicle sales and services segment was RMB31,230.2 million in 2015, a 6.9% increase from RMB29,203.6 million in 2014, among which the revenue from luxury and ultra-luxury brand passenger vehicle sales was RMB25,226.3 million in 2015, a 5.6% increase from RMB23,891.3 million in 2014.

Revenue of after-sales services from the passenger vehicle sales and services segment was RMB4,135.5 million in 2015, a 16.9% increase from RMB3,537.7 million in 2014.

Revenue from the automobile rental services segment was RMB330.2 million in 2015, a 20.5% increase from RMB273.9 million in 2014.

Revenue from the finance leasing services segment was RMB126.7 million in 2015, a 140.8% increase from RMB52.6 million in 2014.

Cost of Sales and Services

Cost of sales and services was RMB32,630.6 million in 2015, a 7.8% increase from RMB30,258.8 million in 2014, which was generally in line with the growth of revenue.

Cost of sales and services for the passenger vehicle sales and services segment was RMB30,276.1 million in 2015, an increase of 7.1% from RMB28,256.6 million in 2014, which was generally in line with the growth in revenue from passenger vehicle sales.

Cost of after-sales services for the passenger vehicle sales and services segment was RMB2,251.5 million in 2015, a 17.4% increase from RMB1,917.8 million in 2014, which was generally in line with the growth in revenue from after-sales services.

Cost of sales and services for the automobile rental services segment was RMB221.7 million in 2015, a 11.3% increase from RMB199.2 million in 2014, which increased at a relatively lower pace compared to the increase in revenue from automobile rental services.

Cost of sales and services for the finance leasing services segment was RMB36.0 million in 2015, a 141.6% increase from RMB14.9 million in 2014, which was generally in line with the growth in revenue from finance leasing services.

Gross Profit and Gross Profit Margin

As a result of the foregoing, gross profit was RMB3,026.9 million in 2015, a 13.0% increase from RMB2,679.2 million in 2014. Gross profit margin increased to 8.49% in 2015 from 8.13% in 2014.

Gross profit of passenger vehicle sales from the passenger vehicle sales and services segment was RMB954.1 million in 2015, a 0.7% increase from RMB947.0 million in 2014. Gross profit margin for passenger vehicle sales slightly decreased to 3.06% in 2015 from 3.24% in 2014.

Gross profit of after-sales services from the passenger vehicle sales and services segment was RMB1,883.9 million in 2015, an increase of 16.3% from RMB1,619.8 million in 2014. Gross profit margin for after-sales services was 45.56% in 2015, which remained basically flat compared to 45.79% in 2014.

Gross profit from the automobile rental services segment was RMB108.5 million in 2015, an increase of 45.2% compared to RMB74.7 million in 2014. Gross profit margin for automobile rental services was 32.85% in 2015, representing an increase compared to 27.27% in 2014.

Gross profit from the finance leasing services segment in 2015 was RMB90.7 million, an increase of 140.5% from RMB37.7 million in 2014. Gross profit margin for finance leasing services was 71.60% in 2015, which remained basically flat compared to 71.70% in 2014.

Other Income and Other Gains and Losses

Other income and other gains and losses were RMB414.6 million in 2015, a 10.6% increase compared to RMB374.8 million in 2014. The increase was primarily due to the fact that revenue of our after-market finance and insurance services from our passenger vehicle sales and services segment amounted to RMB432.1 million in 2015, a 50.9% increase from RMB286.3 million in 2014.

Distribution and Selling Expenses

Distribution and selling expenses were RMB1,503.4 million in 2015, a 16.8% increase from RMB1,287.5 million in 2014, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, our distribution and selling expenses increased from 3.91% in 2014 to 4.22% in 2015, which was primarily due to the newly opened outlets in 2015 which were still in the early development stage.

Administrative Expenses

Administrative expenses were RMB730.1 million in 2015, a 12.7% increase from RMB647.8 million in 2014, which was primarily due to the expansion of our sales and services network and sales scale. As a percentage of revenue, our administrative expenses were 2.05% in 2015, which remained basically flat compared to 1.97% in 2014.

Finance Costs

Finance costs were RMB447.1 million in 2015, a 5.9% increase from RMB422.3 million in 2014, which was primarily due to the increased average balance of financing as a result of the expansion in sales and services network and business scale.

Profit before Tax

As a result of the foregoing, profit before tax was RMB776.5 million in 2015, a 10.1% increase from RMB705.2 million in 2014.

Income Tax Expense

Income tax expense was RMB209.2 million in 2015, a 26.2% increase from RMB165.8 million in 2014. Our effective income tax rate was 26.9% in 2015, a slight increase compared to 23.5% for the year 2014.

Profit and Total Comprehensive Income

As a result of the foregoing, profit and total comprehensive income was RMB567.3 million in 2015, a 5.2% increase from RMB539.5 million in 2014.

Profit and Total Comprehensive Income Attributable to the Owners of the Company

As a result of the foregoing, profit and total comprehensive income attributable to the owners of the Company was RMB524.5 million in 2015, a 4.7% increase from RMB501.1 million in 2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment and acquisition of new outlets, and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from operating activities, capital injections, issuance of bonds, bank loans and other borrowings. In the future, we believe that our capital expenditures and liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time.

In 2015, our net cash from operating activities was RMB1,968.2 million, an increase of RMB1,248.7 million compared to net cash from operating activities of RMB719.5 million in 2014, which was primarily due to a significant decrease in the net increase of inventories and prepayment balance in 2015 compared to that of 2014, and a significant increase in the net cash inflow from operating activities resulting from the finance leasing business in 2015 compared to that of 2014.

In 2015, our net cash used in investing activities was RMB1,571.1 million, compared to net cash used in investing activities of RMB1,309.5 million in 2014. This was primarily due to our payment for purchases of property, plant and equipment, land use rights and intangible assets in the amount of RMB1,484.0 million.

In 2015, our net cash used in financing activities was RMB739.3 million, compared to net cash from financing activities of RMB1,045.9 million in 2014, which mainly comprised the proceeds from issuance of short-term debentures of RMB800.0 million and proceeds from bank loans and other borrowings of RMB23,286.4 million, which was partially offset by repayment of bank loans and other borrowings of RMB24,187.8 million, payment of interest of RMB476.4 million and payment of dividends of RMB148.0 million.

Inventories and Inventory Prepayments

Our inventories mainly include passenger vehicles and spare parts and accessories. Inventory prepayments are payments made in advance to suppliers for purchases of passenger vehicles, spare parts and accessories.

Our inventories were RMB4,083.1 million as of December 31, 2015, a 5.6% decrease from RMB4,324.2 million as of December 31, 2014. The following table sets forth our average inventory turnover days for the periods indicated:

	For the year ended December 31,	
	2015	2014
Average inventory turnover days[1]	**47.0**	46.9

Note:

(1) The average inventory turnover days for the period is the average of opening and closing inventory balances divided by the cost of sales and services for that period and multiplied by 365 days.

Our inventory and inventory prepayments were RMB4,746.2 million as of December 31, 2015, a 4.1% decrease from RMB4,951.2 million as of December 31, 2014. The following table sets forth our average inventory and inventory prepayment turnover days for the periods indicated:

	For the year ended December 31,	
	2015	2014
Average inventory and inventory prepayments turnover days[1]	**54.2**	57.6

Note:

(1) Average inventory and inventory prepayments turnover days for the period is the average of opening and closing inventories and inventory prepayments balances in aggregate divided by the cost of sales and services for that period and multiplied by 365 days.

Average inventory and inventory prepayment turnover days in 2015 was 54.2 days, compared to 57.6 days in 2014. This was primarily due to our continuous enhancement of our inventory and inventory prepayment turnover management since the second half of 2014.

Capital Expenditures and Investment

Our capital expenditures comprised primarily expenditures on the purchase of property, plant and equipment, land use rights and intangible assets. In 2015, our total capital expenditures on purchase of property, plant and equipment, land use rights and intangible assets amounted to RMB1,484.0 million. The following table sets forth a breakdown of our capital expenditures for the period indicated:

	For the year ended December 31, 2015 *(RMB in millions)*
Expenditures on purchase of property, plant and equipment	**1,026.7**
Expenditures on purchase of land use rights	**410.5**
Expenditures on purchase of intangible assets	**46.8**
Total	**1,484.0**

Borrowings and Bonds

We obtained borrowings consisting of bank loans and other borrowings from automobile manufacturers' captive finance companies, bonds and convertible bonds to fund our working capital and network expansion. As of December 31, 2015, the outstanding amount of our borrowings, bonds and convertible bonds amounted to RMB7,036.9 million, a 0.8% decrease from RMB7,091.8 million as of December 31, 2014. The following table sets forth the maturity profile of our borrowings and bonds as of December 31, 2015:

	As of December 31, 2015 *(RMB in millions)*
Within one year	**5,857.0**
One year to two years	**163.4**
Two to five years	**991.7**
More than five years	**24.8**
Total	**7,036.9**

As of December 31, 2015, our gearing ratio (being net debt divided by the aggregate amount of total equity and net debt) was 68.1% (as of December 31, 2014: 69.0%). The net debt was total debt net of cash and cash equivalents, pledged bank deposits and cash in transit.

As of December 31, 2015, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of December 31, 2015 consisted of (i) inventories of RMB694.4 million; (ii) property, plant and equipment of RMB222.8 million; and (iii) land use rights of RMB168.8 million.

Contingent Liabilities

As of December 31, 2015, we did not have any material contingent liabilities.

Interest Rate Risk and Foreign Exchange Risk

We are exposed to interest rate risk resulting from fluctuations in the interest rate on our borrowings. Certain of our borrowings were variable-rate borrowings that are mostly linked to the benchmark rates of the People's Bank of China or London Interbank Offered Rate. Increases in interest rates could result in an increase in our cost of borrowing. If this occurs, it could adversely affect our finance costs, profit and our financial condition. We do not currently use any derivative financial instruments to hedge our exposure to interest rate risk.

Except a part of bank borrowings denominated in US dollar, substantially all of our revenue, costs and expenses are denominated in Renminbi. We also use Renminbi as our reporting currency. We believe our operations currently are not subject to any significant direct foreign exchange risk. We do not currently use any derivative financial instruments to hedge our exposure to foreign exchange risk.

Use of Proceeds

The net proceeds from our Company's initial public offering were approximately RMB1,013.2 million. The net proceeds have been utilized in the manner consistent with that disclosed in the prospectus of the Company dated June 29, 2012 under the section headed "Future Plans and Use of Proceeds".

In July 2014, we issued 1.5% US dollar settled convertible bonds due 2019 with an aggregate principal amount of RMB1 billion, and the funds raised are used for establishment of and acquisitions of 4S dealerships and replenishment of working capital.

FUTURE PROSPECTS AND STRATEGIES

From 2015 and going forward, China's automobile market is expected to maintain a positive and stable growth trend, especially for the luxury and ultra-luxury automobile market, which is expected to maintain relatively fast growth. Extended services such as automobile repair, pre-owned vehicle, automobile decoration, care and maintenance, as well as after-market businesses such as automobile finance and insurance service and automobile rental are expected to have robust development with unlimited business opportunities after experiencing rapid growth over the past few years. We also noticed that the rapid development of new energy vehicles will bring along changes and new opportunities for the automobile industry.

We will continue to focus on the automobile industry and adhere to our "customer-oriented" belief. Firstly, we will achieve continuing efficiency improvement of the traditional automobile sales and service business on the basis of refinement in operation and management. Secondly, relying on the competitive edge of industry-finance integration and setting automobile finance business as the focus of our near term strategic development, we will proactively develop our proprietary business such as finance leasing and small loan businesses while expanding our automobile finance agency business, and continue to enhance the permeability of our automobile finance by leveraging on the development of internet technology. Thirdly, we will seize the development opportunities of automobile rental business, consolidate our long-term rental business and actively develop our commercial, conferences, short term and internet automobile rental business. In addition, we will also rely on the competitive edge of our supply chain and proactively develop the new energy vehicles business such as sales and service, rental, charging platform operation, battery gradient utilization and other aspects so that we can meet the new development trend of the automobile industry in the future. Whilst pursuing the business layout as described above, we have, at the same time, taken note of the transition to more favourable policies of the automobile industry. We will focus on channels expansion of our self-owned business, including proprietary automobile finance products, certified pre-owned vehicle, parallel imported cars and parts, automobile maintenance and care products as well as automobile rental business, so as to maximize our channel value while at the same time satisfy our customers' personalized demands.

We will constantly strive to carry out the "streamlining, modularization and intensification" development principle of self-built network, capture the counter-cyclical opportunity of economy and leverage on the advantages in capital markets to seek merger and acquisition opportunities and rapidly expand the market penetration, so as to improve the channel coverage and responsiveness. We will also carry out channel strategy to upgrade the offline physical automobile sales and service outlets into sharing channels, which consist of various businesses, including automobile sales and service, automobile finance, pre-owned vehicle and automobile rental businesses. We intend to construct mobile terminal entrance for the online Auto Life ecosystem by taking advantage of the internet e-commerce platform to provide integrated online and offline services to our customers.

We will strive to pursue the spin-off listing in the Mainland A-share market and, at the same time, leverage on the financing platforms of the Hong Kong and Mainland capital markets, turning such advantages into a powerful driving force to realize the Group's development strategies mentioned above. We persistently pursue the "industry+capital" development concept, continuously upgrade and transform our existing businesses based on current efforts, we will accumulate the advantageous resources of social capital and enhance the strategic layout and development of new-emerging businesses, so that we can further consolidate Yongda Automobile's leading position in the automobile industry and ensure the profitability and sustainable development of our Company as well as realize a win-win situation for our shareholders, customers, employees and the community.

CORPORATE GOVERNANCE AND OTHER INFORMATION

Compliance with the Corporate Governance Code

The Company has applied the principles and code provisions as set out in the Corporate Governance Code and Corporate Governance Report (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "**Listing Rules**") and has complied with the code provisions in the CG Code during the year ended December 31, 2015.

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. Specific enquiries have been made to all the directors and the directors have confirmed that they have complied with the Model Code during the year ended December 31, 2015.

Purchase, Sale or Redemption of Listed Securities

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended December 31, 2015.

Audit and Compliance Committee

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management. The Audit and Compliance Committee considers that the annual financial results for the year ended December 31, 2015 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

The auditor of the Company, Deloitte Touche Tohmatsu, has agreed that the figures in respect of the Group's annual results for the year ended December 31, 2015 contained in this announcement are consistent with the amounts set out in the Group's audited consolidated financial statements for the year.

FINAL DIVIDEND

The Board resolved to propose to the shareholders of the Company in the forthcoming annual general meeting on May 9, 2016 (Monday) for the distribution of a final dividend of RMB0.105 per share for the year ended December 31, 2015. The final dividend is expected to be paid on or about May 31, 2016 (Tuesday) to the shareholders of the Company whose names are listed in the register of members of the Company on May 13, 2016 (Friday), in aggregate of approximately RMB155.4 million. The proposal for the distribution of the final dividend above is subject to the consideration and approval of the shareholders at the forthcoming annual general meeting of the Company.

RECORD DATE OF ANNUAL GENERAL MEETING

Shareholders whose names appear on the register of members of the Company at the close of business on May 6, 2016 (Friday) (the "**Record Date**") will be entitled to attend the forthcoming annual general meeting to be held on May 9, 2016 (Monday) (the "**AGM**"). In order to be eligible to attend and vote at the AGM, all transfer accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on the Record Date.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from May 13, 2016 (Friday) to May 17, 2016 (Tuesday), both days inclusive, in order to determine the entitlement of the shareholders to the final dividend. All transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong before 4:30 p.m. on May 12, 2016 (Thursday).

PUBLICATION OF ANNUAL RESULTS ANNOUNCEMENT AND ANNUAL REPORT

This announcement is published on the websites of the Stock Exchange (***www.hkexnews.hk***) and the Company (***www.ydauto.com.cn***).

The annual report for the year ended December 31, 2015 containing all the information required by Appendix 16 to the Listing Rules will be despatched to shareholders and published on the websites of the Stock Exchange and the Company in due course.

APPRECIATION

The Board would like to express its sincere gratitude to the shareholders, management team, employees, business partners and customers of the Group for their support and contribution to the Group.

By order of the Board
China Yongda Automobiles Services Holdings Limited
Cheung Tak On
Chairman

PRC, March 20, 2016

As at the date of this announcement, the Board comprises (i) five executive Directors, namely Mr. Cheung Tak On, Mr. Cai Yingjie, Mr. Wang Zhigao, Mr. Xu Yue and Ms. Chen Yi; (ii) one non-executive Director, namely Mr. Wang Liqun; and (iii) three independent non-executive Directors, namely Mr. Lyu Wei, Mr. Chen Xianglin and Ms. Zhu Anna Dezhen.