2016

神州租車有限公司中期報告
CAR Inc. Interim Report

Incorporated in the Cayman Islands with Limited Liability
於開曼群島註冊成立的有限公司

Stock Code 股份代號:699

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FINANCIAL HIGHLIGHTS

	For the six months ended 30 June		Year-over-year change
	2016	2015	
	(in RMB millions, except otherwise stated)		%
Rental revenue	**2,452**	1,983	24%
Total revenue	**2,969**	2,307	29%
Gross profit	**1,103**	974	13%
Gross profit margin(2)	**45.0%**	49.1%	-4.1pp
Net profit(4)	**1,062**	407	161%
Adjusted EBITDA(1)	**1,556**	1,219	28%
Adjusted EBITDA margin(2)	**63.5%**	61.5%	2.0pp
Adjusted net profit(1)	**472**	422	12%
Adjusted net profit margin(2)	**19.2%**	21.3%	-2.1pp
Basic EPS (RMB)	**0.444**	0.172	158%
Free cash flow(3)	**784**	(3,762)	n.a.

Notes:

(1) Adjusted EBITDA and adjusted net profit are non-IFRS measures. Certain non-IFRS numbers in 2015 have been revised to conform to current year's presentation for comparative purpose. Please refer to "Management Discussion and Analysis – 3 Non-IFRS Financial Reconciliation" for details.

(2) These margins are presented as a percentage of rental revenue.

(3) Free cash flow is a non-IFRS measure. Please refer to "Management Discussion and Analysis - 3 Non-IFRS Financial Reconciliation" for details.

(4) Net profit includes a fair value gain for the Company's shareholding in unlisted companies, partially offset by unrealized foreign exchange losses on USD-denominated liabilities. For more details, please refer to "Business Overview" and "Management Discussion and Analysis - 3 Non-IFRS Financial Reconciliation".

The Board of Directors (the "Board") of CAR Inc. (the "Company") is pleased to present the unaudited interim consolidated results of the Company and its subsidiaries (the "Group") for the six months ended 30 June 2016 (the "Reporting Period").

BUSINESS OVERVIEW

For the first half of 2016, the Company continued to record steady growth and sustainable profitability. For the six months ended 30 June 2016, rental revenue increased 24% to RMB2,452.2 million. Profitability and margins were supported by increasing efficiency and operating leverage. Net profit was RMB1,061.8 million including a fair value gain of RMB826.7 million for the Company's shareholding in unlisted companies, partially offset by an unrealized foreign exchange losses of RMB115.8 million on USD-denominated liabilities. Adjusted EBITDA margin and adjusted net profit margin recorded 64% and 19%, respectively, excluding the impact of foreign exchange, fair value gain, and the costs related to the used car B2C pilot program.

The Company strives to improve fleet efficiency through dynamic fleet sharing to manage seasonality. Total fleet comprised of 99,727 vehicles as at 30 June 2016, compared with 91,179 vehicles as at 31 December 2015. Operating fleet was 87,585 vehicles as at 30 June 2016, compared with 83,168 vehicles as at 31 December 2015. By leveraging its unique advantage of managing both self-drive and on-demand chauffeured fleet, the Company is committed to developing more advanced and efficient on-demand fleet management through technological and operational innovations. During the major national holidays, a sizable short-term rental fleet was re-deployed from the fleet of UCAR Inc. ("UCAR") during non-peak period. It also largely helped to moderate the peak-season pricing to enhance customer experience and add pressure on competitors. During the second quarter of 2016, the Company accelerated vehicle retirement and new model upgrade to enhance customer experience. Retired vehicles awaiting sale increased to 11,203 as at 30 June 2016. As at 30 June 2016, the Company was in the process of completing regulatory procedures for used car sales transactions with UCAR.

Number of Fleet

	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16
Fleet size as at period end						
Short-term rentals	49,346	54,797	58,789	56,759	56,141	62,725
Long-term rentals	14,562	20,960	22,879	22,252	22,031	20,899
Finance leasing	5,159	4,889	4,755	4,157	4,055	3,961
Total operating fleet	69,067	80,646	86,423	83,168	82,227	87,585
Retired vehicles awaiting sale	2,352	2,685	5,565	6,837	5,800	11,203
Vehicles held for sale	1,575	1,388	1,216	1,174	826	939
Total fleet	72,994	84,719	93,204	91,179	88,853	99,727

BUSINESS OVERVIEW AND STRATEGIES

During the Reporting Period, short-term rental revenue increased 16% to RMB1,703.7 million, the Company's average daily fleet grew 17%. Among short-term rentals, self-drive rental recorded double-digit revenue growth, growth rate seeing sequential improvement over the past three quarters. Since this year, the Company has been dedicated to growth initiatives, through organizational and operational enhancement, customer experience upgrade, marketing and promotions imagination, and channel partnership, to position itself for long-term growth. As at 30 June 2016, registered members increased by 64% year-on-year to approximately 11 million. Accumulated downloads of the Company's mobile application increased by 50% year-on-year, total number exceeding 15 million. Reservations via mobile application as a percentage of total reservations further increased to 69% during the Reporting Period.

Regarding customer experience upgrade, the Company has conducted vehicle model and loyalty program upgrades. In the meanwhile, in order to further upgrade customer convenience, the Company initiated a trial run of door-to-door delivery at a discount in 12 cities in the second quarter of 2016. The Company is actively introducing door-to-door delivery service. On 22 August 2016, the Company started to roll out this service nationwide for free. This revolutionary rental experience upgrade is supported by the Company's unmatched cost advantage, offline capabilities and strong pricing power.

Regarding marketing, promotion and partnership, the Company has explored innovative ways around new customer incentives, tourism-themed self-drive and channel partnership. The Company has established in-depth collaboration with provincial/regional travelling bureaus and penetrated its network coverage further into tourist destinations including cities for seasonal operations. As at 30 June 2016, the Company had expanded its physical network to 764 directly operated service locations, which included 272 stores and 492 pick-up points, in 93 major cities covering all provinces of China. The franchisee network comprised of 237 service locations in 187 tier 3 or tier 4 cities.

The Company maintained strong profitability in short-term rental business due to clear market leadership and advanced cost structure. RevPAC remained solid at RMB172 during the Reporting Period. Fleet utilization rate achieved 64.1%, through efficient demand forecasting and fleet supply management, whilst the Company continued to maintain a deliberate balance to secure more license plates. On the pricing side, the Company has launched new incentives to acquire new customers and continued to execute a competitive pricing strategy to ensure vigorous pressure to competitors.

During the Reporting Period, the Company's collaboration with UCAR remained stable and created strong synergies through fleet sharing. As at 30 June 2016, a total of 19,447 vehicles were rented to UCAR under long-term rental terms and approximately 10,000 vehicles under short-term rental terms. The rental prices and terms for each car model under the collaboration remained unchanged since the inception. During the Reporting Period, UCAR has further strengthened its business operations and narrowed down its operating loss. UCAR completed three rounds of fund raising of RMB5.8 billion in the first half of 2016, with post-money valuation reaching RMB36.9 billion. As at 30 June 2016, the Company's shareholding in UCAR was 7.42%. The Company recorded a fair value gain of RMB826.7 million in the first half of 2016 for such shareholding. On 11 July 2016, UCAR received approval to list its shares on China's National Equities Exchange and Quotations stock exchange (NEEQ) and started trading on 22 July 2016.

The Company keeps focusing on residual risk management and remains dedicated to enhancing used car disposal capabilities by using B2C channels to directly access end users. The management is confident that the success of B2C used car sales model will benefit the Company in realizing higher residual values, better managing the full cycle of rental vehicles and further ensure customer rental experience. During the Reporting Period, the Company disposed of 8,077 used vehicles. The cost to sales ratio was 99.0%, which continues to demonstrate its capabilities of managing the full cycle of rental business by selling cars close to their estimated residual values.

During the Reporting Period, the Company continued to execute its used car B2C pilot program. In February 2016, the Company opened another 6 pilot stores and concluded the pilot program with a total of 14 stores in respective tier 3 cities. During the Reporting Period, the 14 used car B2C pilot stores sold a total of 2,100 vehicles, incurring operating costs related to the pilot program of RMB47.8 million and vehicle depreciation cost of approximately RMB15.3 million. The pilot program is still in a net loss position and requires sales unit to further ramp up in order to break even.

On 6 April 2016, UCAR acquired 70% equity interests in Shenzhou Maimaiche (Tianjin) Technology Development Co., Ltd. (神州買賣車(天津)科技發展有限公司) ("Maimaiche"), which became UCAR's B2C e-commerce platform to sell both new cars and used cars through its unique online and offline combined capabilities. As at 31 July 2016, Maimaiche had opened 105 stores in 105 respective tier 2 and tier 3 cities. Maimaiche's source of new cars differentiated from traditional dealership, including but not limited to OEM inventory, customized model, new car model by small OEM and import car. Its source of used cars is mainly from the Company at the early stage of its business. The pricing of used cars were based on relevant B2B market prevailing price supported by third party used car data platforms, as well as in line with the estimated residual values. On 29 June 2016, the Company entered into a framework agreement with UCAR in relation to the sale and reconditioning of used vehicles.

The Company has entered into an agreement to sell its used car B2C pilot program to UCAR and integrate the business with Maimaiche. Management believes it is in line with the Company's strategies to focus on core business and realize sustainable profitability by avoiding uncertainty of future financial commitments. The Company can also leverage on Maimaiche's B2C used car sales channel to mitigate residual risks. Management also believes it is a win-win solution to maximize the economies of scale and increase efficiency around distribution, branding, marketing and operations.

Recent development — new policy for on-demand chauffeured service

On 28 July 2016, the long-awaited new policy for on-demand chauffeured service (Interim Measures for the Administration of Online Car-hailing Operation and Services* (網絡預約出租汽車經營服務管理暫行辦法)) (the "Policy") was officially announced. The central government aims to regulate the industry under local taxi administration bureaus and position the industry as a supplement to public transportation systems and a differentiated service with higher quality than taxis. The Policy requires vehicles, drivers and platforms to meet certain qualifications and obtain respective operating license. Vehicles need to be registered under a new type of commercial vehicle and meet local authority's requirements where applicable. Drivers should refer to the standards of taxi drivers and obtain qualifications. On-demand chauffeured service platforms are defined as service carriers, and are required to take service carrier responsibilities for both drivers and customers. On the pricing side, the Policy promotes a market-oriented pricing not lower than operating cost and prohibits price wars aiming to fend off competitors. The Policy will become effective on 1 November 2016. Central government allows the local government to set additional own rules and implement more detailed restrictions, according to local needs.

The Company believes that the implementation of this Policy will hinder the rapid expansion of C2C platforms and reduce subsidies in the industry. Multiple requirements and regulations will materially increase the operating costs for C2C drivers and platforms due to extra insurance and maintenance requirements of vehicles, rigorous screening and management of drivers, compliance responsibilities, tax invoice, duty of taxations, etc. Higher costs and the pricing compliance requirement could lead to price increase and supply/demand decline for C2C platforms.

The Company believes the Policy is beneficial to UCAR in the following aspects:

i) UCAR's B2C model satisfies various new requirements of the Policy, thanks to its differentiated approach to the positioning of taxi upgrade.

ii) UCAR's current price is unaffected by the Policy and its cost structure remains unchanged. UCAR's profitability can be further enhanced when part-time drivers are allowed.

iii) UCAR's growth will benefit from the potential increase in cost/price and correlating decline in supply/demand for C2C platform based services. Its competitive advantage of better customer experience, advanced offline operational management capabilities and clear profitability model will further stand out in the competition.

The Company also believes that the Policy has direct benefits to the Company:

i) The impact of on-demand chauffeured service on car rental industry will be further eased when price/cost increases and supply/demand declines for C2C models.

ii) Replacing the mandatory eight-year scrap policy mentioned in the previous consultation paper of the Policy with a 600,000 kilometer mileage rule allows the Company to dispose of fleet rented to UCAR with more flexible schedule and hence reduce residual risks.

* For identification purposes only

Prospects

Currently, we do not have plans for material investments except purchasing cars for our ordinary course of business. Accordingly, we foresee that our major source of funding will be from the operation cash flow and borrowings from the banks.

Please refer to section headed "Strategies" for more details.

STRATEGIES

The Company sees that the auto mobility industry is facing a critical time of revolution. New technologies around the Internet and auto sector are reforming the industry. Moreover, these trends are driving significant changes in consumer behavior and leading to revolutionary changes throughout the auto value chain. In response to these changes, the management team has proactively deployed company strategy for long-term success. During the first half of 2016, the Company completed a series of shareholding consolidation and reorganization. After the completion of shareholding consolidation, UCAR Technology Inc. ("UCAR Cayman") became the largest shareholder of the Company with 29.4% stake holding as at 30 June 2016. The Company believes that the shareholding consolidation makes its shareholding structure clearer and more concentrated, and better aligns management's interests in the Company and UCAR. The Company believes it is important to strengthen its organization by setting up a leadership succession ladder and providing career progression opportunities for different levels of the management team. It will continue to focus on developing talent and enhancing corporate culture to support long-term strategic development of the Company. These changes enabled the Company and UCAR to strategically position themselves to best capture the emerging growth opportunities, maximize shareholder value and generate synergies. The Company is well positioned to become a leading auto mobility provider in China with a laser-focus on car rental and fleet management, and UCAR is positioned to reshape the auto and consumer ecosystem through a comprehensive coverage of auto value chain.

The Company will continue to execute its strategy of becoming a leading auto mobility provider in China, with the goal of achieving sustainable growth and strong profitability. It will remain focused on strengthening its dominant position in China's car rental market by growing its fleet, enhancing its customer experience, increasing fleet utilization, and improving operating efficiency. It is committed to developing more advanced and efficient on-demand fleet management through technology and operational innovations.

The Company believes that with the expansion of UCAR along the auto value chain, the Company can enjoy more synergies across fleet procurement, fleet sharing, big data, client acquisition and used car disposals.

1. REVENUES AND PROFITABILITY ANALYSIS

Rental revenue

	Six months ended 30 June 2016	2015	Year-over-year change
	(in RMB thousands)		
Short-term rentals	**1,703,653**	1,469,224	16.0%
Long-term rentals	**722,434**	458,989	57.4%
Finance lease	**5,160**	20,220	-74.5%
Other revenue	**20,944**	34,333	-39.0%
Total rental revenue	**2,452,191**	1,982,766	23.7%

Short-term rental metrics

	1H'15	1H'16	1Q'15	2Q'15	3Q'15	4Q'15	1Q'16	2Q'16
Average daily fleet (1)	47,108	55,115	47,099	47,117	53,949	55,186	55,719	54,511
ADRR (2) (RMB)	275	268	275	276	271	261	271	265
Utilization rate (3) (%)	63.9%	64.1%	63.7%	64.1%	64.5%	60.1%	64.2%	64.1%
RevPAC (4) (RMB)	176	172	175	177	175	157	174	170

Notes:

(1) Average daily short-term rental fleet is calculated by dividing the aggregate days of our short-term rental vehicles in operation in a given period by the aggregate days of that period. "Short-term rental vehicles in operation" refers to our entire short-term fleet, including those temporarily unavailable for customer use due to repair or maintenance and those that are being transported.

(2) Average daily rental rate or ADRR is calculated by dividing our short-term rental revenue in a given period by the fleet rental days in that period. Fleet rental days are the total rental days for all vehicles in our short-term rental fleet in a given period.

(3) Fleet utilization rate is calculated by dividing the aggregate days that our vehicles are rented out for short-term rentals by the aggregate days that our short-term rental vehicles are in operation.

(4) RevPAC refers to average daily rental revenue per short-term rental vehicle, which is calculated by multiplying the average daily rental rate in a given period by the fleet utilization rate in that same period.

The Company's total rental revenue increased by 23.7% from RMB1,982.8 million for the six months ended 30 June 2015 to RMB2,452.2 million for the six months ended 30 June 2016.

- ***Short-term rentals.*** Revenue from short-term rentals increased by 16.0% from RMB1,469.2 million for the six months ended 30 June 2015 to RMB1,703.7 million for the six months ended 30 June 2016. The increase was mainly due to the growing average daily fleet which increased by 17.0% year-over-year. RevPAC remained solid at RMB172 for the six months ended 30 June 2016, in line with the Company's expectation. Fleet utilization rate was 64.1% for the Reporting Period, which reflected a deliberate balance between fleet expansion, securing license plates and improving financial performance. ADRR decreased by 2.5% comparing to the same period in 2015, because (i) the flexible fleet deployment between self-drive and UCAR short-term rentals helped to moderate the peak-season pricing, (ii) as part of growth initiatives, the Company has implemented more incentives for new customer acquisition, (iii) the Company continued to execute competitive pricing strategy to ensure vigorous pressure to competitors.

- ***Long-term rentals.*** Revenue from long-term rentals increased by 57.4% from RMB459.0 million for the six months ended 30 June 2015 to RMB722.4 million for the six months ended 30 June 2016, mainly due to the increase in UCAR fleet. As at 30 June 2016, total long-term fleet size was 20,899 vehicles, among which 19,447 vehicles were rented to UCAR. The rental prices and terms for each car model under the collaboration remained unchanged since the inception. The Company continued to strategically downsize the fleet size for traditional institutional customers.

- ***Finance lease.*** Revenue from finance lease decreased by 74.5% from RMB20.2 million for the six months ended 30 June 2015 to RMB5.2 million for the six months ended 30 June 2016, as existing financial lease programs continued to expire.

- ***Other revenue.*** Other revenue was RMB20.9 million for the six months ended 30 June 2016 comparing to RMB34.3 million for the six months ended 30 June 2015. The decrease was primarily driven by the decrease in insurance claims for in-house repair and maintenance. Since the beginning of 2016, the Company has started to self-insure for vehicle damage.

Depreciation of rental vehicles and direct operating expenses of rental services

	Six months ended 30 June			
	2016		2015	
	RMB	***% of rental revenue***	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Depreciation of rental vehicles	**603,126**	**24.6%**	404,408	20.4%
Direct operating expenses				
– Payroll costs	**201,280**	**8.2%**	190,466	9.6%
– Store expenses	**87,496**	**3.6%**	72,349	3.7%
– Insurance fees	**110,384**	**4.5%**	100,067	5.0%
– Repair and maintenance fees	**132,806**	**5.4%**	63,677	3.2%
– Fuel expenses	**33,829**	**1.4%**	38,475	1.9%
– Others	**185,658**	**7.5%**	138,589	7.0%
Total direct operating expenses	**751,453**	**30.6%**	603,623	30.4%
Total costs of car rental business	**1,354,579**	**55.2%**	1,008,031	50.8%

Depreciation of rental vehicles. As a percentage of rental revenue, depreciation expenses increased from 20.4% for the six months ended 30 June 2015 to 24.6% for the six months ended 30 June 2016. The increase was primarily driven by (i) decrease in residual value of certain vehicle models based on market conditions, and (ii) increase in the number of retired vehicles awaiting sale, including the stock requirement for the used car B2C pilot program.

Depreciation cost related to the used car B2C pilot program was approximately RMB15.3 million.

Direct operating expenses of rental services. As a percentage of rental revenue, direct operating expenses accounted for 30.6% and 30.4% for the six months ended 30 June 2016 and 2015, respectively. The change was driven by a number of mixed factors, including (i) greater operating leverage and continuous improvement in operational efficiency, (ii) increased repair and maintenance expenses caused by self-insurance practice and expenses related to UCAR fleet, and (iii) incremental operating costs of RMB21.4 million related to the used car B2C pilot program.

Sales of used vehicles (revenue & cost)

	Six months ended 30 June	
	2016	2015
	RMB	*RMB*
	(in thousands, except percentages)	
Revenue from sales of used vehicles	**516,604**	324,566
Cost of sales of used vehicles	**511,269**	325,547
Cost as a % of revenue (sales of used vehicles)	**99.0%**	100.3%
Number of used vehicles sold	**8,077**	5,014
– Inclusive of used vehicles sold to franchisees via installment program	***702***	*913*
Total number of used vehicles disposed	**8,077**	5,014

The Company disposed of 8,077 used vehicles for the six months ended 30 June 2016, comparing to 5,014 vehicles for the six months ended 30 June 2015. During the Reporting Period, 2,100 vehicles were sold via the B2C pilot program. Retired vehicles awaiting sale increased to 11,203 as at 30 June 2016. The increase was due to (i) stock requirement of used car B2C pilot program, (ii) accelerated vehicle upgrade resulting in increased vehicle retirement, and (iii) the Company in the process of completing regulatory procedures for used car sales transactions with Maimaiche.

Cost of sales of used vehicles were 99.0% and 100.3% of revenue from the sales of used vehicles for the six months ended 30 June 2016 and 2015, respectively. The cost of sales of used vehicles represents the net book value of the disposed rental vehicles from the Company's fleet.

The results further demonstrate the Company's proven capabilities at managing the full cycle of rental vehicles, supported by further diversified used car disposal channels and effective estimation of residual values.

Gross profit

	Six months ended 30 June	
	2016	2015
	RMB	*RMB*
	(in thousands, except percentages)	
Gross profit of car rental business	**1,097,612**	974,735
Gross profit margin of car rental business	**44.8%**	49.2%
Gross profit/(loss) of sales of used vehicles	**5,335**	(981)
Gross profit/(loss) margin of sales of used vehicles	**1.0%**	(0.3%)
Total gross profit	**1,102,947**	973,754
Total gross profit margin as a % of rental revenue	**45.0%**	49.1%

Total gross profit of car rental business increased by 12.6% from RMB974.7 million for the six months ended 30 June 2015 to RMB1,097.6 million for the six months ended 30 June 2016. Total gross profit margin as a percentage of rental revenue decreased to 45.0% for the six months ended 30 June 2016. The decrease was mainly due to (i) increase of depreciation, and (ii) incremental costs related to the used car B2C pilot program.

Selling and distribution expenses

	Six months ended 30 June			
	2016		2015	
	RMB	***% of rental revenue***	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Payroll costs	**16,041**	**0.7%**	9,301	0.5%
Advertising expenses	**21,817**	**0.9%**	20,310	1.0%
Share-based compensation	**1,197**	**0.0%**	640	0.1%
Others	**5,875**	**0.2%**	6,817	0.3%
Total	**44,930**	**1.8%**	37,068	1.9%

Selling and distribution expenses increased 21.2% to RMB44.9 million for the six months ended 30 June 2016 from RMB37.1 million for the six months ended 30 June 2015. As a percentage of rental revenue, selling and distribution expenses have been relatively stable. During the Reporting Period, incremental costs related to the used car B2C pilot program was RMB9.1 million for payroll and RMB11.5 million for advertising.

Administrative expenses

	Six months ended 30 June			
	2016		2015	
	RMB	***% of rental revenue***	*RMB*	*% of rental revenue*
	(in thousands, except percentages)			
Payroll costs	**121,882**	**5.0%**	79,246	4.0%
Office expenses	**31,730**	**1.3%**	27,505	1.4%
Rental expenses	**11,043**	**0.5%**	10,847	0.5%
Share-based compensation	**69,826**	**2.8%**	53,236	2.7%
Others	**66,602**	**2.7%**	40,163	2.0%
Total	**301,083**	**12.3%**	210,997	10.6%

Administrative expenses increased by 42.7% from RMB211.0 million for the six months ended 30 June 2015 to RMB301.1million for the six months ended 30 June 2016. As a percentage of rental revenue, administrative expenses increased from 10.6% for the six months ended 30 June 2015 to 12.3% for the six months ended 30 June 2016. The increase was primarily due to (i) increase in IT and R&D capabilities, (ii) increase in performance bonus for regional managers under the new incentive program, and (iii) incremental administrative costs of RMB5.9 million related to the used car B2C pilot program.

Other income and expenses, net

	For the six months ended 30 June	
	2016	2015
	(in RMB thousands)	
Interest income from bank deposit	**9,554**	15,482
Unrealized exchange gain/(loss)	**(115,792)**	4,547
Realized exchange gain/(loss)	**(3,244)**	34,315
Government grants	**12,300**	—
Fair value gain on investments in unlisted companies	**826,687**	—
Loss on disposals of items of other property, plant and equipment	**(28)**	(46)
Others	**4,209**	(3,165)
Total	**733,686**	51,133

Other income and expenses, net gain was RMB733.7 million for the six months ended 30 June 2016, compared with net gain of RMB51.1 million for the six months ended 30 June 2015. The gain during the first half of 2016 was mainly related to fair value gain on investments in UCAR, partially offset by unrealized foreign exchange losses related to USD denominated liabilities. For details regarding the fair value gain on investment in UCAR, please refer to "Notes to Financial Statements" note 15(b) and (c). The net gain during the first half of 2015 was mainly due to higher interest income from cash management and realized foreign exchange gains from currency conversion settlement.

Finance costs. Finance costs increased by 12.4% from RMB250.1 million for the six months ended 30 June 2015 to RMB281.2 million for the six months ended 30 June 2016, primarily due to the Company's higher debt position, which was partially offset by lower average funding costs.

Profit before tax. Profit before tax increased by 129.9% from RMB526.7 million for the six months ended 30 June 2015 to RMB1,211.0 million for the six months ended 30 June 2016.

Income tax expenses. Income tax expenses increased from RMB119.5 million for the six months ended 30 June 2015 to RMB149.2 million for six months ended 30 June 2016 due to the increased profitability of the Company.

Profit after tax. As a result of the aforementioned factors, the Company recorded a net profit of RMB1,061.8 million, and RMB407.2 million for the six months ended 30 June 2016 and 2015, respectively.

Adjusted net profit. Adjusted net profit increased 11.6% to RMB471.6 million for the six months ended 30 June 2016 from RMB422.5 million for the six months ended 30 June 2015. As a percentage of rental revenue, adjusted net profit margin decreased from 21.3% for the six months ended 30 June 2015 to 19.2% for the six months ended 30 June 2016.

Adjusted EBITDA. Adjusted EBITDA increased 27.6% to RMB1,556.2 million for the six months ended 30 June 2016 from RMB1,219.3 million for the six months ended 30 June 2015. As a percentage of rental revenue, adjusted EBITDA margin increased from 61.5% for the six months ended 30 June 2015 to 63.5% for the six months ended 30 June 2016.

2. FINANCIAL POSITIONS

	As at	
	30 June 2016	31 December 2015
	(in RMB millions)	
Total assets	**18,553.9**	16,342.4
Total liabilities	**10,567.2**	9,243.1
Total equity	**7,986.7**	7,099.3
Cash and cash equivalents	**3,400.0**	1,987.9
Restricted cash	**1.3**	53.1
Total cash	**3,401.3**	2,041.0
Interest bearing bank and other borrowings - current	**2,407.4**	1,154.4
Interest bearing bank and other borrowings - non-current	**2,047.7**	2,168.7
Senior notes	**5,313.7**	5,190.6
Total debt	**9,768.8**	8,513.7
Net debt (total debt less total cash)	**6,367.5**	6,472.7
Total debt/adjusted EBITDA (times) (1)	**3.2x**	3.2x
Net debt/adjusted EBITDA (times) (1)	**2.1x**	2.4x

Note:

(1) Adjusted EBITDA is calculated based on the total of the most recent four quarters.

Cash

The Company continued to generate strong operating cash flows and maintain strong liquidity during the six months ended 30 June 2016. As at 30 June 2016, the Company had cash and cash equivalents of RMB3,400.0 million and restricted cash of RMB1.3 million.

Trade receivables and due from related parties

Trade receivables were RMB116.2 million and RMB239.4 million as at 30 June 2016 and 31 December 2015, respectively. The decrease in trade receivables was mainly due to reduced institutional long-term rental business and continuous improvement in trade receivables management.

Due from related parties, which relates to the trade receivables from UCAR, was RMB119.0 million and RMB475.9 million as at 30 June 2016 and 31 December 2015, respectively. Fleet rent to UCAR carries a 90-day payment term. UCAR has been paying earlier than schedule.

Capital expenditures

The majority of the Company's capital expenditures was for vehicle acquisitions. During the six months ended 30 June 2016, the Company purchased approximately RMB1,263.4 million of rental vehicles, which is inclusive of payments for rental vehicles that have not commenced service. The Company also spent approximately RMB237.3 million on purchases of other property, plant and equipment, and other intangible assets.

Capital management

The preliminary objective of the Group's capital management policies is to safeguard the Group's ability to maintain healthy capital ratios in order to support its business and maximise shareholders' value. The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust its finance sources, dividend policies, return capital to shareholders or issue new shares.

As at 30 June 2016, the Group did not have any financial instruments and foreign currency net investments that are subject to hedging.

One of the measures that the Group uses to monitor its capital is the net debt/asset ratio, which is net debt divided by total assets. Net debt includes bank loans and other borrowings and senior notes less total cash. Total cash is defined as the total of (i) cash and cash equivalents, (ii) restricted cash and (iii) available-for-sale investments. The gearing ratios as at each of the reporting periods were as follows:

	As at	
	30 June 2016	31 December 2015
	(in RMB thousands)	
Interest-bearing bank loans		
– current	**2,407,447**	1,154,411
– non-current	**2,047,692**	2,168,714
Senior notes	**5,313,739**	5,190,607
Total debt	**9,768,878**	8,513,732
Cash and cash equivalents	**3,400,038**	1,987,878
Restricted cash	**1,300**	53,129
Total cash	**3,401,338**	2,041,007
Net debt	**6,367,540**	6,472,725
Total assets	**18,553,885**	16,342,415
Net debt/total assets ratio	**34%**	40%

Currencies in which debts are held as at each reporting period:

	As at	
	30 June 2016	31 December 2015
	(in RMB thousands)	
RMB	**3,415,429**	2,472,890
Others	**6,353,449**	6,040,842
	9,768,878	8,513,732

Currencies in which cash and cash equivalents are held as at each reporting period:

	As at	
	30 June 2016	31 December 2015
	(in RMB thousands)	
RMB	**3,070,617**	1,496,585
Others	**329,421**	491,293
	3,400,038	1,987,878

We are subject to foreign currency exposures. All monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Significant investments held, material acquisitions or disposals of subsidiaries and associated companies

There were no significant investments held, material acquisitions or disposals of subsidiaries and associated companies for the six months ended 30 June 2016.

Contingent liabilities

As at 30 June 2016, we had no significant contingent liabilities.

Charges on the Group's assets

As at 30 June 2016, certain assets of the Group had been pledged. For details, please refer to "Notes to Financial Statements" note 9, 19 and 21.

Borrowings

As at 30 June 2016, the Company had a total debt of RMB9,768.8 million, compared with RMB8,513.7 million as at 31 December 2015. Net debt slightly decreased to RMB6,367.5 million, from RMB6,472.7 million as at 31 December 2015. Increase in total debt was mainly driven by vehicle purchases and share repurchase plan. As at 30 June 2016, the current debt portion was RMB2,407.4 million, representing 24.6% of total debt. Based on the repayment schedule as at 30 June 2016, the Company had a total debt of approximately RMB790.1 million to be repaid in the second half of 2016.

The Company has further diversified its funding sources and optimized its funding structure to support sustainable business growth, while maintaining a prudent financial policy to ensure balanced leverage ratios and credit metrics. On 11 July 2016, the Company received the approval from the China Securities Regulatory Commission regarding the public issue of corporate bonds in an aggregate nominal value of no more than RMB2 billion to qualified investors in Mainland China (the "Panda Bonds"). As one of the first batch of offshore incorporated non-financial companies permitted to publicly issue corporate bonds in Mainland China, the Company believes that the PRC market provides a diversified funding channel for optimizing the Company's debt structure. Each of the Company and the Panda Bonds has received a credit rating of "AA+" from a credit rating agency, Shanghai Brilliance Credit Rating & Investors Service Co., Ltd..

The Company continues to pay close attention to asset and liability management. Management has been closely monitoring the Company's foreign currency exposures and analyzing market conditions. The State Administration of Foreign Exchange continued to conduct strict control of RMB outflow. The Company will continue to closely evaluate market conditions and ensure appropriate measures, including hedging and liability management, are implemented should the need arise.

Remuneration Policy and Directors' Remuneration

As at 30 June 2016, we had 6,691 employees. The remuneration of our employees includes salaries and allowances. We provide training to our staff to enhance technical and product knowledge. The Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. The frontline staff, such as the staff work at the service locations of the Company nationwide receive salaries mostly based on the KPIs set by headquarters and branch offices. The KPIs include RevPac, net profit, number of car unavailable for services, number of complaints, customer services scores, etc. The management departments and support departments in general receive fixed salaries and performance based bonuses. Their performance bonuses are mostly linked to the overall financial performance of the Company. The Group offers competitive remuneration packages to the Directors, and the Directors' fees are subject to shareholders' approval at general meeting. The packages were set by benchmarking with companies in similar industries and companies with similar size. Other emoluments are determined by the Board with reference to Directors' duties, responsibilities and performance and the results of the Group.

Free cash flow

Free cash flow has improved significantly from an outflow of RMB3,762.4 million for the six months ended 30 June 2015 to an inflow of RMB784.2 million for the six months ended 30 June 2016. The significant improvement was mainly due to the increased cash flow from operations and decrease in rental vehicle expenditure.

Share repurchase

On 17 May 2016, the Company's shareholders granted a general mandate (the "Repurchase Mandate") to the directors of the Company (the "Directors") to repurchase shares of the Company at the annual general meeting (the "AGM"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 239,507,709 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

As at 30 June 2016, the Company repurchased a total of 38,689,000 shares through the Stock Exchange, representing approximately 1.63% of the issued share capital of the Company. The aggregate consideration for the repurchase was HK$292.0 million. As at the date of this interim report, the Company repurchased a total of 62,680,000 shares through the Stock Exchange, representing approximately 2.68% of the issued share capital of the Company. The aggregate consideration for the repurchase was HK$475.5 million. The share repurchase reflects the Company's solid financial position and the Board's strong confidence in the Company's future business prospects. It is in the interest of shareholders as a whole by enhancing the net asset value per share and earnings per share of the Company.

3. NON-IFRS FINANCIAL RECONCILIATION

	For the six months ended 30 June	
	2016	2015
	(RMB in thousands, except percentages)	
A.Adjusted net profit		
Net profit	**1,061,821**	407,244
Adjusted for:		
Share-based compensation	**71,146**	54,087
Fair value gain on investment in unlisted companies	**(826,687)**	—
Share of profit of an associate	**(1,538)**	—
Foreign exchange loss/(gain)	**119,036**	(38,862)
Costs related to the used car B2C pilot program	**47,821**	—
Adjusted net profit	**471,599**	422,469
Adjusted net profit margin (as a percentage of rental revenue)	**19.2%**	21.3%

	For the six months ended 30 June	
	2016	2015
	(RMB in thousands, except percentages)	
B.Adjusted EBITDA		
Reported EBITDA calculation		
Profit before tax	**1,210,976**	526,744
Adjusted for:		
Finance costs	**281,182**	250,078
Interest income from bank deposit	**(9,554)**	(15,482)
Depreciation of rental vehicles	**603,126**	404,408
Depreciation of other property, plant and equipment	**30,988**	15,891
Amortization of other intangible assets	**5,259**	5,053
Amortization of prepaid land lease payment	**807**	445
Impairments on trade receivables	**23,650**	16,915
Reported EBITDA	**2,146,434**	1,204,052
Reported EBITDA margin (as a percentage of rental revenue)	**87.5%**	60.7%
Adjusted EBITDA calculation		
Reported EBITDA	**2,146,434**	1,204,052
Adjusted for:		
Share-based compensation	**71,146**	54,087
Fair value gain on investments in unlisted companies	**(826,687)**	—
Share of profit of an associate	**(1,538)**	—
Foreign exchange loss/(gain)	**119,036**	(38,862)
Costs related to the used car B2C pilot program	**47,821**	—
Adjusted EBITDA	**1,556,212**	1,219,277
Adjusted EBITDA margin (as a percentage of rental revenue)	**63.5%**	61.5%
C.Free cash flow		
Net cash flows generated from/(used in) operating activities	**1,021,453**	(3,613,991)
Purchases of other property, plant and equipment	**(235,605)**	(84,118)
Proceeds from disposal of other property, plant and equipment	**43**	9
Additions to prepaid land lease payments	**—**	(57,809)
Purchases of other intangible assets	**(1,649)**	(6,455)
Net investment activity	**(237,211)**	(148,373)
Free cash flow	**784,242**	(3,762,364)

The Group employed certain non-IFRS financial measures in measuring the performance of the Group. The presentation of these non-IFRS financial measures are not intended to be considered in isolation or as a substitute for the financial information prepared and presented in accordance with IFRS. The Group believes that, used in conjunction with IFRS financial measures, these non-IFRS financial measures provide meaningful supplemental information regarding the Group's performance, and both management and investors benefit from referring to these non-IFRS financial measures in assessing the Group's performance and for planning and forecasting future periods. The Group's management believes that adjusted EBITDA, defined as earnings before interest, income tax expenses, depreciation and amortization, impairment on trade receivables, share-based compensation, foreign exchange (gain)/loss, fair value gain on investments in unlisted companies, costs related to B2C pilot program and share of profit of an associate, is a useful financial metric to assess the Group's operating and financial performance.

Foreign exchange (gain)/loss, fair value gain on investments in unlisted companies, costs related to B2C pilot program and share of profit of an associate have been added in the reconciliation in 2016 due to the change in economic situation and the Group's business strategies. Management believes that these four items do not relate to the Group's business operations. The Group operates mainly in China and its foreign exchange (gain)/loss mainly results from its USD-denominated senior notes. Fair value gain on investments in unlisted companies represents the non-cash fair value gain on investments which is recognized in accordance with IAS 39 Financial Instruments: Recognition and measurement but does not relates to the Group's business operations. On 23 August 2016, the Group announced its plan to dispose its B2C pilot business. For details of the transaction, please refer to the Company's announcement dated on even date. The Group expects to close this sale transaction by the end of 2016. Share of profit of an associate relates to the share of profit from an associate that the Group acquired during the second quarter of 2016. Due to the above reasons, adjusted profit and adjusted EBITDA in prior year have been revised to conform to current year's presentation for comparison purposes.

Free cash flow is a measure of financial performance calculated as operating cash flow minus capital expenditures. Capital expenditures are defined as the net expenditures of other property, plant and equipment, other intangible assets and prepaid lease payments. Free cash flow represents the cash that a company is able to generate after laying out the money required to maintain or expand its asset base.

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

As at 30 June 2016, the interests of the directors and chief executives in the shares of the Company which were required (a) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO") (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (b) pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as contained in Appendix 10 to the Listing Rules, were as follows:

Long position in the shares of the Company

Name	Capacity/Nature of Interest	Number of Shares Interested	Approximate Percentage of the Company's Issued Share Capital*
Mr. Charles Zhengyao LU (陸正耀) (1)	Beneficiary of a Trust, Interest in a Controlled Corporation and Beneficial Owner	698,119,855	29.45%
Mr. Sam Hanhui SUN (孫含暉) (2)	Beneficial Owner	310,000	0.01%

Notes:

(1) Mr. Lu was deemed to be interested in all of the 307,501,775 shares of the Company held by Haode Group Inc. Haode Group Inc. is wholly owned by Lucky Milestone Limited, a Bahamas company, which is in turn ultimately wholly owned by Cititrust Private Trust (Cayman) Limited, as trustee of The Lu's Family Trust. The Lu's Family Trust is an irrevocable trust constituted under the laws of the Cayman Islands with Mr. Lu's wife (Ms. Lichun GUO) as the settlor and certain family members of Mr. Lu as the beneficiaries. Mr. Lu was also deemed to be interested in 53,723,770 shares of the Company held by Sky Sleek Limited, which was wholly owned by Mr. Lu's wife, Ms. Guo. Mr. Lu, through UCAR Technology Inc., was deemed to be interested in 327,649,310 shares of the Company. Mr. Lu was interested in 9,245,000 shares of the Company as beneficial owner.

(2) Mr. Sun was interested in 310,000 shares of the Company as beneficial owner.

Long position in the underlying shares of the Company – physically settled unlisted equity derivatives (share options)

Name	Capacity/Nature of Interest	Number of Underlying Shares in respect of the Share Options Granted	Approximate Percentage of the Company's Issued Share Capital*
Ms. Yifan SONG (宋一凡) (3)	Beneficial Owner	2,889,240	0.12%

(3) Ms. Song was interested in 2,889,240 underlying shares of the Company as beneficial owner.

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2016.

Save as disclosed above, none of the directors or chief executives of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations as at 30 June 2016.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 30 June 2016, the followings are the persons, other than the directors or chief executives of the Company, who had interests in the shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of Part XV of the SFO:

Long Position in the shares of the Company

Name	Capacity/Nature of Interest	Number of Shares Interested	Approximate Percentage of the Company's Issued Share Capital*
Ms. Lichun GUO(1) (2)	Founder of a Trust, Interest in a Controlled Corporation and Interest of Spouse	698,119,855	29.45%
Legend Holdings Corporation(3)	Interest in a Controlled Corporation	563,583,025	23.77%
Right Lane Limited(3)	Interest in a Controlled Corporation	563,583,025	23.77%
Grand Union Investment Fund, L.P. (3)	Beneficial Owner	562,668,025	23.73%
Infinity Wealth Limited(3)	Interest in a Controlled Corporation	562,668,025	23.73%
Cititrust Private Trust (Cayman) Limited(2)	Trustee of a Trust	307,501,775	12.97%
Lucky Milestone Limited(2)	Interest in a Controlled Corporation	307,501,775	12.97%
Haode Group Inc. (2)	Beneficial Owner	307,501,775	12.97%
Amber Gem Holdings Limited(4)	Beneficial Owner	262,471,340	11.07%
Warburg Pincus & Co. (4)	Interest in a Controlled Corporation	262,471,340	11.07%
Warburg Pincus Private Equity XI, L.P. (4)	Interest in a Controlled Corporation	262,471,340	11.07%
Warburg Pincus XI, L.P. (4)	Interest in a Controlled Corporation	262,471,340	11.07%
WP Global LLC(4)	Interest in a Controlled Corporation	262,471,340	11.07%
WP XI Equity Ltd(4)	Interest in a Controlled Corporation	262,471,340	11.07%
UCAR Technology Inc.	Beneficial Owner	698,119,855	29.45%
Central Huijin Investment Ltd. (5)	Person having a security interest in shares	125,400,000	5.29%
China Construction Bank Corporation(5)	Person having a security interest in shares	125,400,000	5.29%

Notes:

(1) Ms. Guo is the sole shareholder of Sky Sleek Limited. Thus, Ms. Guo was deemed to be interested in 53,723,770 shares of the Company held by Sky Sleek Limited. Ms. Guo was also deemed to be interested in 336,894,310 shares of the Company through the interests of her spouse, Mr. Lu.

(2) Haode Group Inc. is wholly-owned by Lucky Milestone Limited, a Bahamas company, which is in turn ultimately wholly-owned by Cititrust Private Trust (Cayman) Limited, as trustee of The Lu's Family Trust. The Lu's Family Trust is an irrevocable trust constituted under the laws of the Cayman Islands with Ms. Guo as the settlor and certain family members of Mr. Lu as the beneficiaries. Thus, Lucky Milestone Limited, Cititrust Private Trust (Cayman) Limited and Ms. Guo were deemed to be interested in 307,501,775 shares of the Company held by Haode Group Inc.

(3) Grand Union Investment Fund, L.P. is an exempted liability partnership which is controlled by a general partner, Infinity Wealth Limited. Infinity Wealth Limited is a wholly-owned subsidiary of Right Lane Limited, which in turn, is wholly-owned by Legend Holdings Corporation. Legion Elite Limited is a wholly-owned subsidiary of Right Lane Limited. Thus, Legend Holdings Corporation and Right Lane Limited were deemed to be interested in 562,668,025 shares and 915,000 shares of the Company held by Grand Union Investment Fund, L.P. and Legion Elite Limited respectively. Infinity Wealth Limited was deemed to be interested in 562,668,025 shares of the Company.

(4) WP XI Equity Ltd owns 77.6% of the equity interest in Amber Gem Holdings Limited ("Amber Gem"); WP XI Equity Ltd is a wholly-owned subsidiary of Warburg Pincus Private Equity XI, L.P., which, in turn, is wholly-owned by Warburg Pincus XI, L.P. Warburg Pincus XI, L.P. is wholly-owned by WP Global LLC, which, in turn, is wholly-owned by Warburg Pincus & Co. Thus, WP XI Equity Ltd, Warburg Pincus Private Equity XI, L.P., Warburg Pincus XI, L.P., WP Global LLC and Warburg Pincus & Co. were deemed to be interested in 262,471,340 shares of the Company held by Amber Gem.

(5) CCB International Overseas Limited is a wholly-owned subsidiary of CCB International (Holdings) Limited, which, in turn, is wholly-owned by CCB Financial Holdings Limited. CCB Financial Holdings Limited is wholly-owned by CCB International Group Holdings Limited, which, in turn, is wholly-owned by China Construction Bank Corporation. Central Huijin Investment Ltd. owns 57.3% of the equity interest in China Construction Bank Corporation. Thus, CCB International (Holdings) Limited, CCB Financial Holdings Limited, CCB International Group Holdings Limited, China Construction Bank Corporation and Central Huijin Investment Ltd. were deemed to be interested in 125,400,000 shares of the Company held by CCB International Overseas Limited.

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 30 June 2016.

Save as disclosed above, the Company is not aware of any other person (other than the directors or chief executives of the Company) who had an interest or short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO as at 30 June 2016.

2014 PRE-IPO SHARE OPTION SCHEME I

The Company has adopted the 2014 Pre-IPO Share Option Scheme I by a resolution of its shareholders on 15 June 2014 and amended on 30 July 2014.

On 16 June 2014, pursuant to the 2014 Pre-IPO Share Option Scheme I, options to subscribe for an aggregate of 14,035,595 shares of the Company were conditionally granted to a total of two members of the senior management and 274 other grantees under Tranche A and Tranche B of the 2014 Pre-IPO Share Option Scheme I. On 31 July 2014, options to subscribe for an aggregate of 4,456,688 shares of the Company under Tranche C of the 2014 Pre-IPO Share Option Scheme I were conditionally granted to three members of the senior management and 18 other grantees under the 2014 Pre-IPO Share Option Scheme I. On 3 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares. In light of the share split, the total number of options granted under the 2014 Pre-IPO Share Option Scheme I were adjusted to 92,461,415. No further option can be granted under the 2014 Pre-IPO Share Option Scheme I.

As at 30 June 2016, a total of 51,519,873 share options were outstanding under the 2014 Pre-IPO Share Option Scheme I. Set out below are details of the outstanding options granted to the grantees under the 2014 Pre-IPO Option Scheme I:

Relevant Grantees	Number of Shares under the Options Granted	Date of Grant	Vesting Period	Option Period	Exercise Price	Outstanding as of 1 January 2016	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as of 30 June 2016
Director										
Yifan SONG (宋一凡)	816,730	16 June 2014	100% on the date of grant	10 years from 20 December 2013	US$0.058	730	–	–	–	730
	1,596,510	16 June 2014	25% each on 31 December 2014, 2015, 2016 and 2017	10 years from 20 December 2013	US$0.174	1,197,510	–	–	–	1,197,510
	2,250,000	31 July 2014	25% each on 31 July 2015, 2016, 2017 and 2018	10 years from 31 July 2014	US$0.174	1,691,000	–	–	–	1,691,000
	4,663,240					2,889,240	–	–	–	2,889,240
Employees	34,272,260	16 June 2014	100% on the date of grant	10 years from 20 December 2013	US$0.058	11,061,430	(79,840)	–	–	10,981,590
Employees	33,492,475	16 June 2014	25% each on 31 December 2014, 2015, 2016 and 2017	10 years from 20 December 2013	US$0.174	27,114,040	(2,234,841)	–	(627,596)	24,251,603
Employees	18,533,440	31 July 2014	25% each on 31 July 2015, 2016, 2017 and 2018	10 years from 31 July 2014	US$0.174	13,397,440	(250,000)	–	(750,000)	12,397,440
Employee	1,500,000	31 July 2014	1/3 each on 31 July 2015, 2016 and 2017	10 years from 31 July 2014	US$0.174	1,000,000	–	–	–	1,000,000
Total	**92,461,415**					**55,462,150**	**(2,564,681)**	**–**	**(1,377,596)**	**51,519,873**

For further details of the 2014 Pre-IPO Share Option Scheme I, please refer to the section headed "Report of the Directors – Summary of the Share Option Schemes" of the 2015 Annual Report of the Company and note 24 to the Interim Consolidated Financial Statements of this interim report.

2014 PRE-IPO SHARE OPTION SCHEME II

The Company adopted the 2014 Pre-IPO Share Option Scheme II by a resolution of its shareholders on 15 June 2014.

On 16 June 2014, pursuant to the 2014 Pre-IPO Share Option Scheme II, options to subscribe for an aggregate of 1,232,428 shares of the Company were conditionally granted to our Chief Financial Officer. On 3 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares. In light of the share split, the total number of options granted under the 2014 Pre-IPO Share Option Scheme II were adjusted to 6,162,140. No further option can be granted under the 2014 Pre-IPO Share Option Scheme II.

As at 30 June 2016, a total of 3,081,070 options were outstanding under the 2014 Pre-IPO Share Option Scheme II. Set out below are details of the outstanding options granted to senior management under the 2014 Pre-IPO Option Scheme II:

Relevant Grantee	Number of Shares under the Options Granted	Date of Grant	Vesting Period	Option Period	Exercise Price	Outstanding as of 1 January 2016	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as of 30 June 2016
Employee	6,162,140	16 June 2014	25% each on 1 May 2015, 2016, 2017 and 2018	10 years from 1 March 2014	US$0.174	4,621,605	(1,540,535)	—	—	3,081,070

For further details of the 2014 Pre-IPO Share Option Scheme II, please refer to the section headed "Report of the Directors – Summary of the Share Option Schemes" of the 2015 Annual Report of the Company and note 24 to the Interim Consolidated Financial Statements of this interim report.

POST-IPO SHARE OPTION SCHEME

The Company adopted the Post-IPO Share Option Scheme by an ordinary resolution passed by its shareholders at the extraordinary general meeting held on 5 April 2016.

The Post-IPO Share Option Scheme has become effective for the period of 10 years commencing on the effective date. The maximum number of the Company's shares in respect of which options may be granted pursuant to the Post-IPO Share Option Scheme is 239,494,759 shares, being 10% of the total issued shares of the Company on the date of approval of the Post-IPO Share Option Scheme. The details of the Post-IPO Share Option Scheme are set out in the circular of the Company dated 16 March 2016.

No share options have been granted under the Post-IPO Share Option Scheme since its adoption on 5 April 2016 and there are no outstanding share options as at 30 June 2016.

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

During the six months ended 30 June 2016, the Company repurchased 38,689,000 shares of its own ordinary shares through the Stock Exchange at a total consideration of HK$292,005,058.

Save for the above, neither the Company, nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities during the six months ended 30 June 2016.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS AND EMPLOYEES WRITTEN GUIDELINES

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules.

Specific enquiry has been made of all the Directors and the Directors have confirmed that they have complied with the Model Code during the six months ended 30 June 2016.

The Company has also established written guidelines no less exacting than the Model Code (the "Employees Written Guidelines") for securities transactions by employees who are likely to be in possession of unpublished inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the relevant employees was noted by the Company during the six months ended 30 June 2016.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company is committed to maintain a high standard of corporate governance. For the six months ended 30 June 2016, the Company had been in compliance with the code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") as set out in Appendix 14 to the Listing Rules save and except for code provision A.2.1 with details set out below.

During the period from 1 January 2016 to 10 April 2016, the Chairman of the Board and Chief Executive Officer ("CEO") positions of the Company were held by Mr. Charles Zhengyao LU. While this constituted a deviation from code provision A.2.1 as set out in the CG Code, the Board considers it beneficial to the business prospect and operational efficiency of the Group that Mr. Lu acted as the Chairman of the Board and the CEO of the Company during such period. The Board believes that this structure did not impair the balance of power and authority between the Board and the management of the Company, given that: (i) decision to be made by the Board requires approval by at least a majority of the Directors and that the Board comprises four independent non-executive Directors, which is more than the Listing Rules requirement of one-third, and they believe that there is sufficient checks and balances in the Board; (ii) Mr. Lu and the other Directors are aware of and undertake to fulfil their fiduciary duties as Directors, which require, among other things, that he acts for the benefit and in the best interests of the Company and makes decisions for the Group accordingly; and (iii) the balance of power and authority is ensured by the operations of the Board which comprises experienced and high calibre individuals who meet regularly to discuss issues affecting the operations of the Company. Moreover, the overall strategic and other key business, financial, and operational policies of the Group are made collectively after thorough discussion at both Board and senior management levels. Mr. Lu resigned from his position as the CEO of the Company and had been re-designated as a non-executive director of the Company, and Ms. Yifan SONG has been appointed as the CEO of the Company and an executive director of the Company on 11 April 2016. Following such changes, the roles of Chairman of the Board and CEO of the Company have been separated, which brings the Company in compliance with the requirement of code provision A.2.1 as set out in the CG Code.

AUDIT AND COMPLIANCE COMMITTEE

The Audit and Compliance Committee has been set up under the Board in compliance with the requirements pursuant to Rule 3.21 of the Listing Rules and paragraphs C3 and D3 of the CG Code. The Audit and Compliance Committee consists of three independent non-executive Directors, namely, Mr. Sam Hanhui SUN, Mr. Lei LIN and Mr. Joseph CHOW, with Mr. Sam Hanhui SUN, being the chairman of the committee. As required under Rules 3.10(2) and 3.21 of the Listing Rules, Mr. Sam Hanhui SUN, being the chairman of the committee, holds the appropriate professional qualifications.

The Audit and Compliance Committee has considered and reviewed the unaudited 2016 interim results of the Group for the six months ended 30 June 2016 and the accounting principles and practices adopted by the Group and discussed matters in relation to internal control and financial reporting with the management and the independent auditor. The Audit and Compliance Committee considers that the unaudited 2016 interim results of the Group for the six months ended 30 June 2016 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

UPDATE ON DIRECTORS' AND CHIEF EXECUTIVES' INFORMATION UNDER RULE 13.51B(1) OF THE LISTING RULES

Details of the biography of Mr. Charles Zhengyao LU and Ms. Yifan SONG are set out in the announcement made by the Company dated 11 April 2016.

Set out below are the changes in information of directors and chief executives of the Company required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules:

— Mr. Charles Zhengyao LU, has resigned from his position as chief executive officer and been re-designated as a non-executive director of the Company, with effect from 11 April 2016.

— Ms. Yifan SONG, has been appointed as the chief executive officer and an executive director of the Company, with effect from 11 April 2016.

— Mr. Zhen WEI, has resigned as a non-executive director of China Kidswant Investment Holdings Co. Ltd. and Sunnywell Group in May 2016 and August 2016, respectively.

— Mr. Wei DING, has been serving as managing director and the head of private equity business of China International Capital Corporation Limited since May 2016.

AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

To the directors of CAR Inc.
(Incorporated in the Cayman Islands with limited liability)

INTRODUCTION

We have reviewed the accompanying interim condensed consolidated statement of financial position of CAR Inc. (the "Company") and its subsidiaries (together, the "Group") as at 30 June 2016 and the related interim condensed consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the six-month period then ended, and explanatory notes. The Main Board Listing Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited require the preparation of a report on interim condensed consolidated financial statements to be in compliance with the relevant provisions thereof and International Accounting Standard 34 "Interim Financial Reporting" ("IAS 34") issued by the International Accounting Standards Board (the "IASB").

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

SCOPE OF REVIEW

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

CONCLUSION

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

Ernst & Young
Certified Public Accountants
Hong Kong
23 August 2016

INTERIM CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the six months ended 30 June 2016

	Notes	**2016**	2015
		RMB'000	*RMB'000*
		(Unaudited)	*(Unaudited)*
Rental revenue		**2,452,191**	1,982,766
Sales of used vehicles		**516,604**	324,566
Total revenue	4	**2,968,795**	2,307,332
Depreciation of rental vehicles	5	**(603,126)**	(404,408)
Direct operating expenses of rental services		**(751,453)**	(603,623)
Cost of sales of used vehicles	5	**(511,269)**	(325,547)
Gross profit		**1,102,947**	973,754
Other income and expenses, net	4	**733,686**	51,133
Selling and distribution expenses		**(44,930)**	(37,068)
Administrative expenses		**(301,083)**	(210,997)
Finance costs		**(281,182)**	(250,078)
Share of profit of an associate		**1,538**	—
Profit before tax	5	**1,210,976**	526,744
Income tax expenses	6	**(149,155)**	(119,500)
Profit for the period		**1,061,821**	407,244
Attributable to:			
Owners of the parent		**1,061,821**	407,244
Earnings per share attributable to ordinary equity holders of the parent			
Basic (RMB)	8	**0.444**	0.172
Diluted (RMB)	8	**0.436**	0.167

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the six months ended 30 June 2016

	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit for the period	**1,061,821**	407,244
Other comprehensive income for the period, net of tax	**—**	—
Total comprehensive income for the period, net of tax	**1,061,821**	407,244
Attributable to:		
The owners of the parent	**1,061,821**	407,244

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	**30 June 2016 RMB'000 (Unaudited)**	31 December 2015 RMB'000 (Audited)
NON-CURRENT ASSETS			
Rental vehicles	9	**9,556,022**	9,338,873
Other property, plant and equipment	10	**496,218**	320,185
Finance lease receivables - non-current	11	**84,395**	43,309
Prepayments		**15,361**	29,231
Prepaid land lease payments	12	**61,212**	62,019
Goodwill		**6,728**	6,659
Other intangible assets	13	**156,219**	159,745
Investment in an associate	14	**27,948**	—
Investments in unlisted companies	15	**2,868,790**	2,042,103
Rental deposits		**11,408**	8,150
Deposits for sales - leaseback borrowing - non-current		**—**	30,000
Deferred tax assets		**114,822**	63,662
Total non-current assets		**13,399,123**	12,103,936
CURRENT ASSETS			
Inventories	16	**99,341**	111,743
Trade receivables	17	**116,202**	239,360
Due from a related party	28	**119,020**	475,852
Prepayments, deposits and other receivables	18	**1,263,176**	1,258,347
Finance lease receivables - current	11	**125,685**	112,170
Deposits for sales - leaseback borrowing - current		**30,000**	—
Restricted cash	19	**1,300**	53,129
Cash and cash equivalents	19	**3,400,038**	1,987,878
Total current assets		**5,154,762**	4,238,479
CURRENT LIABILITIES			
Trade payables	20	**65,480**	21,000
Other payables and accruals		**331,569**	336,951
Advances from customers		**174,194**	192,928
Interest-bearing bank and other borrowings	21	**2,407,447**	1,154,411
Due to related parties	28	**2,352**	2,585
Income tax payable		**58,891**	52,708
Total current liabilities		**3,039,933**	1,760,583
NET CURRENT ASSETS		**2,114,829**	2,477,896
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,513,952**	14,581,832

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2016

	Notes	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
TOTAL ASSETS LESS CURRENT LIABILITIES		**15,513,952**	14,581,832
NON-CURRENT LIABILITIES			
Senior notes	22	**5,313,739**	5,190,607
Interest-bearing bank and other borrowings	21	**2,047,692**	2,168,714
Deposits received for rental vehicles		**2,279**	3,550
Deferred tax liabilities		**163,547**	119,640
Total non-current liabilities		**7,527,257**	7,482,511
Net assets		**7,986,695**	7,099,321
EQUITY			
Equity attributable to owners of the parent			
Share capital	23	**146**	147
Reserves		**5,852,882**	5,951,865
Treasury shares	23	**(75,463)**	—
Retained earnings		**2,209,130**	1,147,309
Total equity		**7,986,695**	7,099,321

Charles Zhengyao LU
Director

Sam Hanhui SUN
Director

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the six months ended 30 June 2016

For the six months ended 30 June 2016

	Attributable to owners of the parent							
	Share capital	Merger reserve*	Statutory reserve*	Share premium*	Share option reserve*	Treasury shares	Retained earnings	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2016 (Audited)	**147**	**2,382,719**	**95,866**	**3,321,238**	**152,042**	**—**	**1,147,309**	**7,099,321**
Profit for the period	**—**	**—**	**—**	**—**	**—**	**—**	**1,061,821**	**1,061,821**
Other comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total comprehensive income for the period	**—**	**—**	**—**	**—**	**—**	**—**	**1,061,821**	**1,061,821**
Repurchase of shares	**—**	**—**	**—**	**—**	**—**	**(250,220)**	**—**	**(250,220)**
Cancellation of shares	**(2)**	**—**	**—**	**(174,755)**	**—**	**174,757**	**—**	**—**
Exercise of share options	**1**	**—**	**—**	**17,516**	**(12,890)**	**—**	**—**	**4,627**
Equity-settled share option arrangements (note 24)	**—**	**—**	**—**	**—**	**71,146**	**—**	**—**	**71,146**
As at 30 June 2016 (Unaudited)	**146**	**2,382,719**	**95,866**	**3,163,999**	**210,298**	**(75,463)**	**2,209,130**	**7,986,695**

For the six months ended 30 June 2015

	Attributable to owners of the parent						
	Share capital	Merger reserve*	Statutory reserve*	Share premium*	Share option reserve*	Retained earnings/ (accumulated losses)	Total equity
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 1 January 2015 (Audited)	145	2,382,719	14,753	3,183,161	181,780	(172,974)	5,589,584
Profit for the period	—	—	—	—	—	407,244	407,244
Other comprehensive income for the period	—	—	—	—	—	—	—
Total comprehensive income for the period	—	—	—	—	—	407,244	407,244
Exercise of share options	1	—	—	45,160	(38,025)	—	7,136
Equity-settled share option arrangements (note 24)	—	—	—	—	54,087	—	54,087
As at 30 June 2015 (Unaudited)	146	2,382,719	14,753	3,228,321	197,842	234,270	6,058,051

* These reserve accounts comprise the consolidated reserves of RMB5,852,882,000 (30 June 2015: RMB5,823,635,000) in the interim condensed consolidated statement of financial position as at 30 June 2016.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	Notes	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,210,976**	526,744
Adjustments for:			
Finance costs		**281,182**	250,078
Share of profit of an associate		**(1,538)**	—
Interest income	4	**(9,554)**	(15,482)
Loss on disposal of items of other property, plant and equipment	5	**28**	46
Fair value gain on investments in unlisted companies	4	**(826,687)**	—
Depreciation of rental vehicles	9	**603,126**	404,408
Depreciation of other property, plant and equipment	10	**30,988**	15,891
Amortisation of prepaid land lease payments	12	**807**	445
Amortisation of other intangible assets	13	**5,259**	5,053
Impairment of trade receivables	5	**23,650**	16,915
Exchange loss/(gain)		**118,754**	(9,100)
Equity-settled share option expenses	24	**71,146**	54,087
		1,508,137	1,249,085
Increase in rental vehicles		**(820,275)**	(4,216,132)
Decrease/(increase) in trade receivables		**99,508**	(441,907)
Decrease in an amount due from a related party		**356,832**	—
Decrease/(increase) in inventories		**12,402**	(13,003)
Decrease/(increase) in prepayments and other receivables		**6,627**	(214,264)
Increase in trade payables		**44,480**	40,477
Decrease in an amounts due to related parties		**(233)**	(1,503)
Decrease in advances from customers		**(18,734)**	(2,912)
Increase/(decrease) in other payables and accruals		**27,220**	(17,613)
(Increase)/decrease in finance lease receivables		**(54,601)**	92,228
Tax paid		**(139,910)**	(88,447)
NET CASH FLOWS GENERATED FROM/(USED IN) OPERATING ACTIVITIES		**1,021,453**	(3,613,991)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended 30 June 2016

	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of other property, plant and equipment	**(235,605)**	(84,118)
Proceeds from disposal of other property, plant and equipment	**43**	9
Purchases of other intangible assets	**(1,649)**	(6,455)
Addition to prepaid land lease payments	**—**	(57,809)
Acquisition of subsidiaries	**(1,993)**	(63)
Acquisition of an associate	**(26,410)**	—
Investments in redeemable preference shares	**—**	(161,828)
Redemption of available-for-sale investments	**—**	1,570,000
Purchase of available-for-sale investments	**—**	(500,000)
Interest received	**8,710**	16,854
NET CASH FLOWS GENERATED FROM/(USED IN) INVESTING ACTIVITIES	**(256,904)**	776,590
CASH FLOWS FROM FINANCING ACTIVITIES		
Deposits for borrowings	**—**	(30,000)
Restricted cash	**51,829**	—
Proceeds from bank and other borrowings	**2,016,056**	2,350,141
Repayments of bank and other borrowings	**(903,822)**	(1,564,775)
Proceeds from exercise of share options	**4,627**	7,136
Repurchase of shares	**(250,220)**	—
Proceeds from issuance of senior notes	**—**	2,974,364
Interest paid	**(282,649)**	(165,281)
NET CASH FLOWS GENERATED FROM FINANCING ACTIVITIES	**635,821**	3,571,585
NET INCREASE IN CASH AND CASH EQUIVALENTS	**1,400,370**	734,184
Cash and cash equivalents at beginning of period	**1,987,878**	1,352,435
Effect of foreign exchange rate changes, net	**11,790**	118
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	**3,400,038**	2,086,737

NOTES TO FINANCIAL STATEMENTS

For the six months ended 30 June 2016

1. CORPORATE INFORMATION

The interim condensed consolidated financial statements of the Group for the six months ended 30 June 2016 were authorised for issue in accordance with a resolution of the directors on 23 August 2016.

The Company was incorporated as an investment holding company under the laws of the Cayman Islands on 25 April 2014 in the name of China Auto Rental Inc., and changed its name to CAR Inc. on 17 June 2014. The registered and correspondence office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands. The Group is principally engaged in the car rental business.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES

2.1 Basis of preparation

The interim condensed consolidated financial statements, which comprise the interim condensed consolidated statement of financial position of the Group as at 30 June 2016 and the related interim condensed consolidated statement of profit or loss, the interim condensed consolidated statements of comprehensive income, changes in equity and cash flows for the period then ended, have been prepared in accordance with IAS 34 "Interim Financial Reporting" issued by the IASB and the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2015.

2. BASIS OF PREPARATION AND CHANGES IN THE GROUP'S ACCOUNTING POLICIES *(continued)*

2.2 Changes in accounting policies and disclosures

The accounting policies and basis of preparation adopted in the preparation of the interim condensed consolidated financial statements are the same as those used in the annual financial statements for the year ended 31 December 2015, except for the adoption of the amendments effective as at 1 January 2016 below:

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

Amendments to IFRS 11	*Accounting for Acquisitions of Interests In Joint Operations*
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*
Amendments to IAS 1	*Disclosure Initiative*
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*
Amendments to IAS 27	*Equity Method in Separate Financial Statements*
Amendments under *Annual Improvements 2012-2014 Cycle*	Amendments to a number of IFRSs

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

3. OPERATING SEGMENT INFORMATION

The Group's principal business is the provision of car rental and other services to its customers. For management purposes, the Group operates in one business unit based on its services, and has one reportable segment which is the provision of car rental and other services.

Information about geographical area

Since all of the Group's revenue was generated from the car rental and other services in Mainland China and all of the Group's identifiable assets and liabilities were located in Mainland China, no geographical information is presented in accordance with IFRS 8 *Operating Segments*.

4. REVENUE, OTHER INCOME AND EXPENSES, NET

Revenue mainly represents the value of car rental service rendered and the net invoiced value of rental vehicles sold, net of business tax and discounts allowed.

An analysis of revenue, other income and expenses is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Revenue		
Short-term rental income	**1,703,653**	1,469,224
Long-term rental income	**722,434**	458,989
Finance lease income	**5,160**	20,220
Sales of used rental vehicles	**516,604**	324,566
Franchise related income	**1,860**	2,096
Others	**19,084**	32,237
	2,968,795	2,307,332
Other income and expenses, net		
Interest income from bank deposits	**9,554**	15,482
Exchange (loss)/gain	**(119,036)**	38,862
Government grants*	**12,300**	—
Loss on disposal of items of other property, plant and equipment	**(28)**	(46)
Fair value gain on investments in unlisted companies	**826,687**	—
Others	**4,209**	(3,165)
	733,686	51,133

* There were no unfulfilled conditions or other contingencies attaching to government grants that had been recognised.

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Cost of sales of used vehicles	**511,269**	325,547
Depreciation of rental vehicles	**603,126**	404,408
Depreciation of other property plant, and equipment	**30,988**	15,891
Recognition of prepaid land lease payments	**807**	445
Amortisation of other intangible assets*	**5,259**	5,053
Minimum lease payments under operating leases in respect of offices and stores	**42,575**	30,385
Minimum lease payments under operating leases in respect of rental vehicles	**29,178**	28,282
Wages and salaries	**275,153**	228,387
Equity-settled share option expenses (note 24)	**71,146**	54,087
Pension scheme contributions**	**64,050**	50,626
Insurance expenses	**110,384**	100,067
Repair and maintenance	**132,806**	63,677
Exchange loss/(gain)	**119,036**	(38,862)
Auditors' remuneration	**1,600**	1,000
Impairment of trade receivables	**23,650**	16,915
Loss on disposal of items of other property, plant and equipment	**28**	46
Advertising and promotion expenses	**21,817**	20,310
Fair value gain on investments in unlisted companies	**(826,687)**	—

* Amortisation of other intangible assets for the six months ended 30 June 2015 and 2016 is included in "Administrative expenses" in the interim condensed consolidated statement of profit or loss.

** Employees of the Group's subsidiaries in Mainland China are required to participant in defined contribution retirement schemes which are administered and operated by the local municipal government.

6. INCOME TAX

The major components of income tax expenses of the Group during the period are as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Current income tax:		
Mainland China	**156,429**	89,153
Deferred tax	**(7,274)**	30,347
Total tax charge for the period	**149,155**	119,500

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands ("BVI"), the Group is not subject to any income tax in the Cayman Islands and BVI.

The provision for current income tax in Mainland China is based on a statutory rate of 25% of the assessable profits of subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008 except for Haike (Pingtan) Information Technology Co., Ltd. ("Haike Pingtan"). Haike Pingtan is qualified as an encouraged industry company established in the comprehensive experimentation area in Pingtan, Fujian Province, and therefore is entitled a preferential corporate income tax rate of 15% pursuant to CaiShui [2014] No.26 issued by the Ministry of Finance of the People's Republic of China.

No Hong Kong profits tax on the Group's subsidiary has been provided at the rate of 16.5% as there is no assessable profit arising in Hong Kong during the period.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding income tax is levied on earnings of non-resident enterprise derivatives from the operations in Mainland China. The withholding tax derived from inter-company charges from certain overseas subsidiaries to PRC subsidiaries amounted to RMB14,472,000 for the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB5,120,000).

6. INCOME TAX *(continued)*

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Profit before tax	**1,210,976**	526,744
Tax at the PRC statutory tax rate of 25%	**302,744**	131,686
Tax effect of tax rate differences between PRC and overseas entities	**12,437**	19,789
Utilisation of unrecognised deferred tax assets	**(12,076)**	(34,214)
PRC entities with preferential tax rate	**(10,047)**	(4,560)
Income not subject to tax	**(161,190)**	—
Expenses not deductible for tax	**2,815**	1,679
Withholding tax on the deemed income	**14,472**	5,120
Total charge for the period	**149,155**	119,500

The effective tax rate of the Group was 12.32% for the six months ended 30 June 2016 (for the six months ended 30 June 2015: 22.69%).

7. DIVIDENDS

The board of the directors does not recommend payment of any dividend in respect of the period (for the six months ended 30 June 2015: Nil).

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

The calculation of the basic earnings per share amount is based on the profit for the period attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 2,392,407,573 (for the six months ended 30 June 2015: 2,363,464,393) in issue during the period, as adjusted to reflect the rights issue during the period.

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

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

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Earnings		
Profit attributable to ordinary equity holders of the parent, used in the basic earnings per share calculation	**1,061,821**	407,244
Shares		
Weighted average number of ordinary shares in issue during the period used in the basic earnings per share calculation	**2,392,407,573**	2,363,464,393
Effect of dilution on the weighted average number of ordinary shares:		
– Share options	**43,531,574**	73,747,149
	2,435,939,147	2,437,211,542

9. RENTAL VEHICLES

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
At 1 January:		
Cost	**11,016,202**	6,420,412
Accumulated depreciation	**(1,677,329)**	(1,186,218)
Net carrying amount	**9,338,873**	5,234,194
At 1 January, net of accumulated depreciation	**9,338,873**	5,234,194
Additions	**1,313,728**	4,543,939
Disposals and transfers to inventories	**(491,801)**	(327,183)
Transfers to finance leases	**(1,652)**	(624)
Depreciation provided during the period	**(603,126)**	(404,408)
At 30 June, net of accumulated depreciation	**9,556,022**	9,045,918
At 30 June:		
Cost	**11,514,165**	10,405,936
Accumulated depreciation	**(1,958,143)**	(1,360,018)
Net carrying amount	**9,556,022**	9,045,918

Vehicles with a carrying value of RMB62,254,000 as at 30 June 2016 (31 December 2015: RMB117,797,000) were pledged to secure certain of the Group's interest-bearing loans (note 21).

10. OTHER PROPERTY, PLANT AND EQUIPMENT

Acquisitions and disposals

During the six months ended 30 June 2016, the Group acquired assets with a cost of RMB207,085,000 (for the six months ended 30 June 2015: RMB50,812,000) excluding property, plant and equipment acquired through a business combination (note 25). Depreciation for items of other property, plant and equipment was RMB30,988,000 during the period (for the six months ended 30 June 2015: RMB15,891,000).

Assets with a net book value of RMB71,000 were disposed of by the Group during the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB55,000).

11. FINANCE LEASE RECEIVABLES

Certain rental vehicles have been leased out through finance leases entered into by the Group. These leases have remaining terms ranging generally from three to five years. Finance lease receivables are comprised of the following:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Net minimum lease payments receivable	**240,364**	181,504
Unearned finance income	**(30,284)**	(26,025)
Total net finance lease receivables	**210,080**	155,479
Less: current portion	**125,685**	112,170
Non-current portion	**84,395**	43,309

Future minimum lease payments to be received under non-cancellable finance lease arrangements as at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	**147,960**	133,237
In the second to fifth years, inclusive	**92,404**	48,267
	240,364	181,504

The present values of minimum lease payments to be received under non-cancellable finance lease arrangements as at 30 June 2016 and 31 December 2015 are as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	**125,685**	112,170
In the second to fifth years, inclusive	**84,395**	43,309
	210,080	155,479

12. PREPAID LAND LEASE PAYMENTS

Leasehold lands are situated in Mainland China and are held under a medium lease. There is no addition of prepaid land lease payments during the six months ended 30 June 2016 (for the six months ended 30 June 2015: RMB57,809,000). Amortisation of prepaid land lease payments was RMB807,000 during the period (for the six months ended 30 June 2015: RMB445,000).

13. OTHER INTANGIBLE ASSETS

During the six months period ended 30 June 2016, the Group acquired assets with a cost of RMB1,649,000 (for the six months ended 30 June 2015: RMB6,455,000) excluding other intangible assets acquired through a business combination (note 25). Amortisation of other intangible assets was RMB5,259,000 during the period (for the six months ended 30 June 2015: RMB5,053,000). The Group did not dispose of other intangible assets during the six months period ended 30 June 2016 (for the six months ended 30 June 2015: Nil).

14. INVESTMENT IN AN ASSOCIATE

	30 June 2016 *RMB'000* *(Unaudited)*
Share of net assets	**27,948**

Particulars of the associate are as follows:

Name	**Particulars of issued shares held**	**Place of incorporation/ registration and business**	**Percentage of ownership interest attributable to the Group**	**Principal activities**
Beijing QWOM Technology Co., Ltd. （北京氫動益維營銷策劃有限公司）("QWOM")	Ordinary shares	PRC	30	Providing mobile internet digital marketing solutions based on big data analytics

The Group, through its wholly-owned subsidiary Haike Pingtan, acquired 30% equity interests in QWOM in April 2016. The Group's interest in QWOM is accounted for using the equity method in the consolidated financial statements.

14. INVESTMENT IN AN ASSOCIATE *(continued)*

The following table illustrates the summarised financial information of the Group's associate, QWOM, which in the opinion of the directors of the Company, is not individually material to the Group:

	30 June 2016 *RMB'000* *(Unaudited)*
Share of the associate's profit for the period	**1,538**
Share of the associate's total comprehensive income	**1,538**
Carrying amount of the Group's investment in the associate	**27,948**

15. INVESTMENTS IN UNLISTED COMPANIES

		30 June 2016 *RMB'000* *(Unaudited)*	31 December 2015 *RMB'000* *(Audited)*
Investments in redeemable preference shares of unlisted companies			
– Souche Holdings Ltd.	(a)	**161,828**	161,828
– UCAR Technology Inc.	(b)	**—**	1,719,924
Investments in equity shares of unlisted companies			
– UCAR Inc.（神州優車股份有限公司）(formerly, Huaxia United Science & Technology Co., Ltd.)	(c)	**2,659,874**	160,351
– UCAR Technology Inc.	(b)	**47,088**	—
		2,868,790	2,042,103

15. INVESTMENTS IN UNLISTED COMPANIES *(continued)*

(a) Souche Holdings Ltd. ("Souche")

In April 2015, the Group subscribed for redeemable preference shares in Souche, which is an unlisted company and principally engaged in providing online platform and relevant professional services of trade-in used cars, at a total consideration of US$26.49 million (equivalent to approximately RMB161,828,000). According to the subscription agreement, the redemption price of such preference shares was agreed at not less than its original subscription price. After the investment of the redeemable preference shares, the Group held 19.91% of the equity interest (as converted) in Souche as at 30 June 2016 and 31 December 2015. The directors of the Company are of the opinion that the Group does not have significant influence over Souche.

The Group designated such redeemable preference share investment in Souche (a hybrid contract, i.e. host debt plus embedded conversion derivative) as a financial asset at fair value through profit or loss upon initial recognition. As the conversion option is precluded from fair value measurement, the entire hybrid contract (a host debt and conversion option) was deemed not to be reliably measurable at reporting period end. As a result, the investment in Souche was measured at cost less impairment. As at 30 June 2016 and 31 December 2015, the directors of the Company were of the opinion that there was no impairment indication identified for the investment in Souche.

(b) UCAR Technology Inc. ("UCAR Cayman")

On 1 July 2015, the Group, among others, entered into the Series A preference share subscription agreement with UCAR Cayman, pursuant to which the Group agreed to subscribe for 2,500,000 Series A preference shares in UCAR Cayman for a consideration of US$125 million. On 16 September 2015, the Group, among others, entered into the Series B preference share subscription agreement with UCAR Cayman pursuant to which the Group agreed to subscribe for 443,263 Series B preference shares for a consideration of US$50 million. On the assumption that all Series A and Series B preference shares are converted into ordinary shares of UCAR Cayman based on the fully-diluted conversion ratio of 1:1, the Company will hold approximately 9.35% of the total issued and outstanding shares of UCAR Cayman. The directors of the Company are of the opinion that the Group does not have significant influence over UCAR Cayman.

The Group designated such preference share investment in UCAR Cayman (a hybrid contract, i.e. host debt plus embedded conversion derivative) as a financial asset at fair value through profit or loss upon initial recognition.

In January 2016, UCAR Cayman transferred its chauffeured car services business to Huaxia United Science & Technology Co., Ltd. ("Huaxia United") (the "Business Transfer"). The Business Transfer resulted in an accounting reclassification of RMB1,542,409,000 from the preference share investment in UCAR Cayman to the ordinary share investment in Huaxia United.

15. INVESTMENTS IN UNLISTED COMPANIES *(continued)*

(b) UCAR Technology Inc. ("UCAR Cayman") *(continued)*

Pursuant to a board resolution of UCAR Cayman dated 5 May 2016, all of the preference shares held by the Company were converted to ordinary shares on a 1:1 basis on the same day. The Group designated such ordinary share investment as a financial asset at fair value through profit or loss.

The unlisted equity shares were measured at fair value and were classified as level 3 fair value measurement. The fair value of the equity share investment in UCAR Cayman was estimated with the assistance of an independent valuation company. The fair value of the equity share investment in UCAR Cayman as at 30 June 2016 was based on the proportion of the equity amount of UCAR Cayman. The associated fair value loss of RMB130,427,000 for the six months ended 30 June 2016 was recognised through profit or loss under "other income and expenses, net".

(c) UCAR Inc. ("UCAR"神州優車股份有限公司) (formerly, Huaxia United)

In December 2015, UCAR Cayman implemented a corporate restructuring (the "UCAR Cayman Restructuring"), whereby the then shareholders of UCAR Cayman would acquire equity interests and increase capital in Huaxia United. The amount of the capital increase in Huaxia United was contributed by the distribution from UCAR Cayman to its then shareholders. Upon completion of the UCAR Cayman Restructuring, the percentage of equity interests held by the Group, through China Auto Rental Limited ("CAR HK", a wholly-owned subsidiary of the Company), in Huaxia United will be the same as the Company's then shareholding percentage in UCAR (i.e. 9.35%). In January 2016, UCAR Cayman transferred its chauffeured car services business to Huaxia United and the Business Transfer resulted in an accounting reclassification of RMB1,542,409,000 from the preference share investment in UCAR Cayman to the ordinary share investment in Huaxia United. Huaxia United subsequently changed its name to UCAR Inc. (神州優車股份有限公司). The equity interest held by CAR HK in UCAR was diluted from 9.35% as at 31 December 2015 to 7.42% as at 30 June 2016 after a series of capital injections in UCAR from third parties before the completion of UCAR's IPO on the National Equities Exchange and Quotations of the PRC ("NEEQ") in July 2016.

The directors of the Company are of the opinion that the Group does not have significant influence over Huaxia United or UCAR and the Group designated such equity investment in Huaxia United or UCAR as a financial asset at fair value through profit or loss upon initial recognition.

The unlisted equity shares were measured at fair value and were classified as level 3 fair value measurement. The fair value of the ordinary share investment in UCAR was estimated with the assistance of an independent valuation company. The fair value of the ordinary share investment in UCAR as at 30 June 2016 was based on the market approach, with reference to the market multiples from comparable companies with consideration of the size, profitability and development stage of the industry and those comparable companies. The associated fair value gain of RMB957,114,000 for the six months ended 30 June 2016 was recognised through profit or loss under "other income and expenses, net".

16. INVENTORIES

	30 June 2016 **RMB'000** **(Unaudited)**	31 December 2015 RMB'000 (Audited)
Used rental vehicles held for sale	**49,014**	68,482
Fuel	**37,305**	35,325
Others	**13,022**	7,936
	99,341	111,743

17. TRADE RECEIVABLES

	30 June 2016 **RMB'000** **(Unaudited)**	31 December 2015 RMB'000 (Audited)
Trade receivables	**151,511**	278,452
Impairment provision	**(35,309)**	(39,092)
	116,202	239,360

The Company generally does not provide credit terms to short-term rental customers. The credit period for long-term rental customers and finance lease customers is generally one to three months for major customers. The Group seeks to maintain strict control over its outstanding receivables to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

17. TRADE RECEIVABLES *(continued)*

An ageing analysis of the trade receivables as at 30 June 2016 and 31 December 2015, based on the invoice date and net of provisions, is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Within 3 months	**74,268**	177,431
3 to 6 months	**17,819**	33,621
6 to 12 months	**24,115**	13,515
Over 1 year	**—**	14,793
	116,202	239,360

An ageing analysis of the trade receivables that are not individually or collectively considered to be impaired is as follows:

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Neither past due nor impaired	**79,307**	132,482
Past due but not impaired:		
Less than 3 months past due	**33,414**	73,774
3 months to 1 year past due	**3,481**	17,419
Over 1 year past due	**—**	12,011
	116,202	235,686

Receivables that were neither past due nor impaired relate to diversified customers for whom there was no recent history of default.

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

18. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Deductible VAT input	**874,800**	833,508
Prepayments	**224,810**	250,361
Other receivables	**126,308**	108,454
Rental deposits	**25,333**	21,812
Others	**11,925**	44,212
	1,263,176	1,258,347

19. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Cash and bank balances	**2,915,621**	1,473,018
Time deposits	**485,717**	567,989
	3,401,338	2,041,007
Less: Pledged time deposits:		
Pledged for long term bank loans*	**—**	51,829
Pledged for bank overdraft facilities	**1,300**	1,300
Cash and cash equivalents	**3,400,038**	1,987,878

* The Group pledged certain deposits of RMB51,829,000 to secure the Group's interest-bearing loans as at 31 December 2015 (note 21).

The cash and bank balances of the Group denominated in RMB amounted to RMB2,586,200,000 as at 30 June 2016 (31 December 2015: RMB981,725,000. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

The carrying amounts of the cash and cash equivalents approximate to their fair values.

20. TRADE PAYABLES

An ageing analysis of the outstanding trade payables as at 30 June 2016 and 31 December 2015, based on the invoice date, is as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within 3 months	**18,572**	15,960
3 to 6 months	**42,365**	4,032
Over 6 months	**4,543**	1,008
	65,480	21,000

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS

	30 June 2016			31 December 2015		
	Effective interest rate (%)	**Maturity**	***RMB'000***	Effective interest rate (%)	Maturity	*RMB'000*
Current:						
Short-term loans						
– guaranteed	**4.38**	**2016**	**168,282**	5.06-5.61	2016	1,500
– unsecured and unguaranteed	**4.26-5.06**	**2016-2017**	**439,026**	4.90-6.03	2016	147,354
Current portion of sale and leaseback obligations						
– secured	**5.18**	**2017**	**102,632**	4.79	2016	151,474
Current portion of long-term bank loans						
– guaranteed	**4.04-4.89**	**2016-2017**	**294,792**	3.40-8.00	2016	100,009
– unsecured and unguaranteed	**4.99-6.9**	**2016-2017**	**784,498**	4.99-6.90	2016	180,578
Current portion of long-term other loans						
– guaranteed	**—**	**—**	**—**	8.00-8.10	2016	496,917
– secured	**7.38-8.23**	**2016-2017**	**18,217**	5.55-8.88	2016	76,579
– unsecured and unguaranteed	**7.50**	**2016-2017**	**600,000**	—	—	—
			2,407,447			1,154,411
Non-current						
Bank loans						
– guaranteed	**4.04-4.89**	**2017-2019**	**1,610,714**	3.40-8.00	2017-2018	944,876
– unsecured and unguaranteed	**4.99-6.9**	**2017-2018**	**436,978**	4.99-6.90	2017-2018	592,297
Other loans						
– secured	**—**	**—**	**—**	5.55-8.88	2017	5,566
– unsecured and unguaranteed	**—**	**—**	**—**	7.50	2017	600,000
Sale and leaseback obligations						
– secured	**—**	**—**	**—**	4.79	2017	25,975
			2,047,692			2,168,714
			4,455,139			3,323,125

21. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Analysed into:		
Bank loans and repayable:		
within one year or on demand	**1,686,598**	429,442
in the second year	**1,647,892**	892,514
in the third to fifth years, inclusive	**399,800**	644,659
	3,734,290	1,966,615
Other borrowings repayable:		
within one year or on demand	**618,217**	573,495
in the second year	**—**	605,566
	618,217	1,179,061
Sale and leaseback obligations:		
within one year or on demand	**102,632**	151,474
in the second year	**—**	25,975
	102,632	177,449
	4,455,139	3,323,125

As at 30 June 2016, the Group's overdraft bank facilities amounted to RMB6,532,989,000 (31 December 2015: RMB6,861,039,000), of which RMB3,995,060,000 (31 December 2015: RMB2,408,496,000) was utilised.

21. INTEREST-BEARING BANK AND OTHER BORROWINGS *(continued)*

Bank and other loans with the following amounts outstanding as at the period/year end were secured/guaranteed by the following:

30 June 2016 **RMB'000** **(Unaudited)**	31 December 2015 *RMB'000* *(Audited)*	**Security/guarantee**
—	570,717	Guaranteed by Legend Holdings*
120,850	207,836	Secured by certain of rental vehicles (a)
934,077	122,350	Secured by CAR Inc.
1,139,710	850,235	Guaranteed by 7 offshore subsidiaries
—	51,758	Secured by certain pledged deposits (b)
2,260,502	1,520,229	Unsecured and unguaranteed
4,455,139	3,323,125	

* On 1 July 2012, Legend Holdings undertook that it will provide financial assistance to the Group in an amount of no less than RMB4.6 billion. The financial assistance will be in the form of loans made to the Group either directly or indirectly by Legend Holdings, or loans provided by any banks or non-bank financial institutions to the Group secured by guarantees provided by Legend Holdings. As at 30 June 2016, no borrowing (31 December 2015: RMB570,717,000), less administration fee, has been guaranteed by Legend Holdings.

(a) Bank and other borrowings of RMB120,850,000 as at 30 June 2016 (31 December 2015: RMB207,836,000) were secured by certain of the Group's rental vehicles, the total carrying amount of which at 30 June 2016 was RMB62,254,000 (31 December 2015: RMB117,797,000) (note 9).

(b) Bank and other borrowings of RMB51,758,000 were secured by certain of the Group's pledged deposits of RMB51,829,000 as at 31 December 2015 (note 19).

22. SENIOR NOTES

(1) The 2015 Notes (A)

On 4 February 2015, the Company issued senior notes with an aggregate principal amount of US$500 million due 2020 (the "2015 Notes (A)"). The 2015 Notes (A) were listed on the Stock Exchange of Hong Kong Limited. The 2015 Notes (A) carries interest at the rate of 6.125% per annum, payable semi-annually on 4 February and 4 August in arrears, and will mature on 4 February 2020, unless redeemed earlier.

The 2015 Notes (A) may be redeemed in the following circumstances:

(i) On or after 4 February 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (A), at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015 Notes (A) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 4 February of the years indicated below, subject to the rights of holders of the 2015 Notes (A) on the relevant record date to receive interest on the relevant interest payment date:

Year	**Redemption price**
2018	103.0625%
2019 and thereafter	101.53125%

(ii) At any time prior to 4 February 2018, the Company may at its option redeem the 2015 Notes (A), in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2015 Notes (A) redeemed plus the applicable premium as at, and accrued and unpaid interest, if any, to (but not including), the redemption date.

(iii) At any time and from time to time prior to 4 February 2018, the Company may redeem up to 35% of the aggregate principal amount of the 2015 Notes (A) with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 106.125% of the principal amount of the 2015 Notes (A) redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date, subject to certain conditions.

22. SENIOR NOTES *(continued)*

(1) The 2015 Notes (A) *(continued)*

The 2015 Notes (A) recognised in the statement of financial position were calculated as follows:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Carrying amount at 1 January	**3,248,164**	—
Addition, net of issuance costs	**—**	2,974,364
Exchange realignment	**69,392**	(9,100)
Interest expenses	**108,801**	84,797
Interest expense payment	**(100,357)**	—
Carrying amount at 30 June	**3,326,000**	3,050,061

Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors of the Company considered that the fair value of the above early redemption options was not significant on initial recognition and as at 30 June 2016.

(2) The 2015 Notes (B)

On 11 August 2015, the Company issued senior notes with an aggregated nominal value of US$300 million due 2021 (the "2015 Notes (B)"). The 2015 Notes (B) were listed on the Stock Exchange of Hong Kong Limited. The 2015 Notes (B) carries interest at the rate of 6.00% per annum, payable semi-annually on 11 February and 11 August in arrears, and will mature on 11 February 2021, unless redeemed earlier.

22. SENIOR NOTES *(continued)*

(2) The 2015 Notes (B) *(continued)*

On or after 11 August 2018, the Company may on any one or more occasions redeem all or any part of the 2015 Notes (B), at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest, if any, on the 2015 Notes (B) redeemed, to (but not including) the applicable date of redemption, if redeemed during the twelve-month period beginning on 11 August of the years indicated below, subject to the rights of holders of the 2015 Notes (B) on the relevant record date to receive interest on the relevant interest payment date:

Year	**Redemption price**
2018	103.0%
2019 and thereafter	101.5%

The 2015 Notes (B) recognised in the statement of financial position were calculated as follows:

	Six months ended 30 June 2016 ***RMB'000*** ***(Unaudited)***
Carrying amount at 1 January	**1,942,443**
Exchange realignment	**41,371**
Interest expenses	**62,802**
Interest expense payment	**(58,877)**
Carrying amount at 30 June	**1,987,739**

Early redemption options are regarded as embedded derivatives closely related to the host contract.

23. SHARE CAPITAL

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Authorised:		
26,000,000,000 ordinary shares of US$0.00001 each	**1,586**	1,586
Issued and fully paid:		
2,370,897,051 (31 December 2015: 2,393,983,835) ordinary shares of US$0.00001 each	**146**	147

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 25 April 2014 by China Auto Rental Holdings Inc. ("CARH") with authorised share capital of US$260,000 divided into 5,200,000,000 shares of US$0.00005 each. On the date of incorporation, 1 ordinary share at par value of US$0.00005 was allotted and issued as fully paid by CARH. On 12 June 2014, the Company further issued and allotted 373,444,013 shares to CARH at par value.

On 2 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares, and the par value of the share was changed from US$0.00005 per share to US$0.00001 per share. Immediately after the share split, the authorised share capital of the Company became US$260,000 divided into 26,000,000,000 ordinary shares of par value of US$0.00001 each and the issued share capital became 1,867,220,070 shares of par value of US$0.00001 each.

On 19 September 2014, the Company issued 426,341,000 shares in its initial public offering at the price of HK$8.50 per share.

On 25 September 2014, the Company issued additional 63,951,000 shares at the price of HK$8.50 per share as a result of exercise of over-allotment options by the underwriters. Total proceeds from the initial public offering (including the over-allotment) were HK$4,167,482,000 (approximately RMB3,302,729,000), and the net proceeds were HK$4,026,035,684 (approximately RMB3,183,191,000) after deduction of related issuance costs.

23. SHARE CAPITAL *(continued)*

A summary of movements in the Company's share capital for the six months ended 30 June 2016 is as follows:

	Number of issued and fully paid ordinary shares	Nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
Issued and fully paid:				
As at 1 January 2016	2,393,983,835	147	3,321,238	3,321,385
Issuance of shares pursuant to the option scheme (note 24)*	4,105,216	1	17,516	17,517
Cancellation of shares**	(27,192,000)	(2)	(174,755)	(174,757)
As at 30 June 2016	2,370,897,051	146	3,163,999	3,164,145

* The subscription rights attaching to 4,105,216 share options were exercised, during the six months ended 30 June 2016, at the average subscription price of US$0.174 per share (note 24), resulting in the issue of 4,105,216 ordinary shares for a total cash consideration of RMB4,627,000, of which RMB4,626,000 was charged to share premium. During the six months ended 30 June 2016, an amount of RMB12,890,000 was transferred from the share option reserve to share premium upon the exercise of the share options.

** On 17 May 2016, the Company's shareholders granted a general mandate (the "Repurchase Mandate") to the directors of the Company to repurchase shares of the Company at the annual general meeting (the "AGM"). Pursuant to the Repurchase Mandate, the Company is allowed to repurchase up to 239,507,709 shares, being 10% of the total number of issued shares of the Company as at the date of the AGM, on the Stock Exchange. The Company purchased 38,689,000 of its shares on the Hong Kong Stock Exchange for a total consideration of HK$292,005,000 during June 2016, of which 27,192,000 shares were cancelled afterwards. The remaining 11,497,000 shares of HK$88,065,000 were recorded as treasury shares in the consolidated statement of financial position as at 30 June 2016. These shares will be cancelled ultimately.

24. SHARE OPTION SCHEME

As detailed in the Group's consolidated financial statements as at 31 December 2015:

– 7,017,798, 7,017,797 and 1,232,428 share options were granted on 18 December 2013, 18 December 2013 and 1 May 2014, respectively, under the 2014 Pre-IPO Share Option Scheme.

– On 3 July 2014, the Company effected a share split, pursuant to which each ordinary share was subdivided into five ordinary shares. Immediately after the share split, the exercise price of each share option was amended to one-fifth of the exercise price before split.

– 4,456,688 share options were granted on 14 August 2014 under Tranche C.

– All the share options granted do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following share options were outstanding during the period:

	Weighted average exercise price US$ per share	**Number of options**
At 1 January 2016, after share split	0.153	60,083,755
Forfeited during the period	0.172	(1,377,596)
Exercised during the period	0.174	(4,105,216)
At 30 June 2016	0.151	54,600,943

The exercise prices and exercise periods of the share options outstanding as at 30 June 2016 are as follows:

Number of options	**Exercise price US$ per share**	**Exercise period**
10,982,320	0.058	Till 31 December 2023
25,449,113	0.174	Till 31 December 2023
3,081,070	0.174	Till 1 May 2024
15,088,440	0.174	Till 31 August 2024
54,600,943		

24. SHARE OPTION SCHEME *(continued)*

On 12 April 2016, the employment contracts of 21 executives in the Group were terminated, of whom there were 14,606,233 unvested share options then. As approved by the directors of the Company as at 11 April 2016 and agreed with the employees, such share options became fully vested immediately before the terminations with the exercise price unchanged. The Group treated the immediate vesting as a simultaneous forfeiture of the unvested share options and a grant of an ex-gratia award, which resulted in a net charge of share option expense of RMB54,775,000 during the six months ended 30 June 2016.

The Group recognised share option expenses of RMB71,146,000 during the six months ended 30 June 2016 (six months ended 30 June 2015: RMB54,087,000).

25. BUSINESS COMBINATION

a) Acquisition of Foshan Jianxin Auto Repair Co., Ltd. ("Foshan Jianxin")

As part of the Group's business strategy to develop auto repair services, the Group, through its wholly-owned subsidiary, Beijing Kaipu Parking Management Co., Ltd. ("Beijing Kaipu"), acquired the 100% equity and voting interest in Foshan Jianxin in 2016 at an aggregate purchase price of RMB140,000.

The fair values of the identifiable assets and liabilities of Foshan Jianxin as at the date of acquisition were as follows:

	Fair value recognised on acquisition *RMB'000*
Cash and cash equivalents	1
Other property, plant and equipment	7
Other intangible assets	84
Deferred tax liabilities	(21)
Identifiable net assets at fair value acquired	71
Goodwill	69
Total consideration	140
Satisfied by cash	140

The transaction costs incurred for these transactions have been expensed and are included in other expenses in the consolidated statement of profit or loss.

25. BUSINESS COMBINATION *(continued)*

a) Acquisition of Foshan Jianxin Auto Repair Co., Ltd. ("Foshan Jianxin") *(continued)*

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

	RMB'000
Cash consideration	140
Unsettled consideration as at 30 June 2016	(56)
Cash and cash equivalents acquired	(1)
Net outflow of cash and cash equivalents included in cash flows used in investing activities	83

Since the acquisition, Foshan Jianxin contributed intra-group revenue of RMB543,000 and contributed loss of RMB198,000 to the Group's consolidated profit for the six months ended 30 June 2016.

Had the combination taken place at the beginning of the period, the revenue and the profit of the Group for the six months ended 30 June 2016 would have been RMB2,968,795,000 and RMB1,061,814,000, respectively.

25. BUSINESS COMBINATION *(continued)*

b) Acquisition of QWOM

The Group, through its wholly-owned subsidiary, Haike Pingtan, acquired 30% equity interests in QWOM in April 2016.

The fair values of the identifiable assets and liabilities of QWOM as at the date of acquisition were as follows:

	Fair value recognised on acquisition
	RMB'000
Cash and cash equivalents	37,649
Trade receivables	22,648
Prepayments, deposits and other receivables	330
Investment in an associate	4,900
Other property, plant and equipment	310
Other intangible assets	14,700
Trade payables	(4,891)
Other payables and accruals	(13,161)
Income tax payable	(2,138)
Identifiable net assets at fair value	60,347
Proportion of the Group's ownership	30%
Identifiable net assets at fair value acquired by the Group	18,104
Goodwill	8,306
Total consideration	26,410
Satisfied by cash	26,410

The transaction costs incurred for these transactions have been expensed and are included in other expenses in the consolidated statement of profit or loss.

Had the combination taken place at the beginning of the period, the profit of the Group for the six months ended 30 June 2016 would have been RMB1,063,354,000.

26. OPERATING LEASE ARRANGEMENTS

As lessee

The Group leases certain of its operating assets under operating lease arrangements. As at 30 June 2016 and 31 December 2015, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Within one year	**107,185**	97,500
In the second to fifth years, inclusive	**180,185**	155,580
After five years	**58,508**	46,871
	345,878	299,951

27. COMMITMENTS

In addition to the operating lease commitments detailed in note 26 above, the Group had the following capital commitments as at 30 June 2016 and 31 December 2015:

	30 June 2016	31 December 2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Audited)*
Contracted, but not provided for	**78,995**	2,812

28. RELATED PARTY TRANSACTIONS

a) Related parties

Related parties for the six months ended 30 June 2016 and 2015 were as follows:

Name	**Relationship**
Hertz International Ltd.*	An ultimate shareholder with significant influence on the Company before 18 March 2016
UCAR Cayman	A shareholder that has significant influence on the company
UCAR	An entity controlled by the Chairman of the Board
Shenzhou Maimaiche (Fujian) Used Car Dealing Co., Ltd. 神州買賣車(福建)二手車經營有限公司 ("Fujian Maimaiche")	A subsidiary of UCAR since 6 April 2016

* Hertz Holdings, a subsidiary of Hertz International Ltd., entered into an agreement with UCAR on 14 March 2016, pursuant to which Hertz Holdings agreed to sell approximately 8.50% equity shares of the Company to UCAR Cayman (the "Share Transfer"). Immediately upon the completion of the Share Transfer, Hertz Holdings' shareholding in the Company was reduced to approximately 1.73% and the director of the Company as nominated by Hertz Holdings resigned with effect from 18 March 2016. As a result, Hertz International Ltd. has ceased to be the related party of the Company.

28. RELATED PARTY TRANSACTIONS *(continued)*

b) Related party transactions

In addition to the transactions detailed elsewhere in these financial statements, the Group had the following transactions with related parties during the period:

(i) Vehicle rental services provided to a related party:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
UCAR	**1,028,932**	—
UCAR Cayman	**—**	555,015
	1,028,932	555,015

The prices for the above services were determined according to published prices and conditions offered to other customers of the Group.

(ii) Commission charge from a related party:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
Hertz International Ltd.	**626**	2,313

The commission expense was charged at an agreed rate on the rental revenue generated from customers referred by Hertz International Ltd.

28. RELATED PARTY TRANSACTIONS *(continued)*

b) Related party transactions *(continued)*

(iii) House rental income from a related party:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
UCAR	**1,638**	—
UCAR Cayman	**—**	543
	1,638	543

The prices on house rental to related party were determined in accordance with the prevailing market prices.

(iv) Collections on behalf of a related party:

	Six months ended 30 June	
	2016	2015
	RMB'000	*RMB'000*
	(Unaudited)	*(Unaudited)*
UCAR	**1,351**	—
UCAR Cayman	**—**	6,434
	1,351	6,434

During the period, a subsidiary collected advances from customers on behalf of a related party.

28. RELATED PARTY TRANSACTIONS *(continued)*

c) Outstanding balances with related parties

	30 June 2016 RMB'000 (Unaudited)	31 December 2015 RMB'000 (Audited)
Current assets:		
Due from a related party:		
– UCAR	**119,020**	—
– UCAR Cayman	**—**	475,852
	119,020	475,852
Current liabilities:		
Due to related parties:		
– Fujian Maimaiche	**2,268**	—
– UCAR	**84**	—
– UCAR Cayman	**—**	1,507
– Hertz International Ltd.	**—**	1,078
	2,352	2,585

As at 30 June 2016 and 31 December 2015, balances with related parties were unsecured, non-interest-bearing and repayable on demand.

The credit period for UCAR is three months. The ageing of balance due from UCAR was within three months. The management of the Company was of the view that no bad debt provision was necessary.

d) Compensation of key management personnel of the Group:

	Six months ended 30 June	
	2016 RMB'000 (Unaudited)	2015 RMB'000 (Unaudited)
Short term employee benefits	**1,946**	2,015
Equity-settled share option expenses	**7,354**	24,038
	9,300	26,053

29. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at 30 June 2016 and 31 December 2015 are as follows:

As at 30 June 2016

Financial assets

	Financial assets at fair value through profit and loss *RMB'000* *(Unaudited)*	Loans and receivables *RMB'000* *(Unaudited)*	Total *RMB'000* *(Unaudited)*
Finance lease receivables – non-current	—	84,395	84,395
Investments in unlisted companies	2,868,790	—	2,868,790
Rental deposits	—	11,408	11,408
Deposits for sales – leaseback borrowing – current	—	30,000	30,000
Restricted cash – current	—	1,300	1,300
Trade receivables	—	116,202	116,202
Amount due from a related party	—	119,020	119,020
Financial assets included in prepayments, deposits and other receivables	—	1,038,366	1,038,366
Finance lease receivables – current	—	125,685	125,685
Cash and cash equivalents	—	3,400,038	3,400,038
	2,868,790	4,926,414	7,795,204

Financial liabilities

	Financial liabilities at amortised cost *RMB'000* *(Unaudited)*
Trade payables	65,480
Financial liabilities included in other payables and accruals	331,569
Interest-bearing bank loans and other borrowings – current	2,407,447
Amounts due to a related parties	2,352
Senior notes	5,313,739
Interest-bearing bank loans and other borrowings – non-current	2,047,692
Deposits received for rental vehicles	2,279
	10,170,558

29. FINANCIAL INSTRUMENTS BY CATEGORY *(continued)*

As at 31 December 2015

Financial assets

	Financial assets at fair value through profit and loss *RMB'000* *(Audited)*	Loans and receivables *RMB'000* *(Audited)*	Total *RMB'000* *(Audited)*
Finance lease receivables – non-current	—	43,309	43,309
Investments in unlisted companies	2,042,103	—	2,042,103
Rental deposits	—	8,150	8,150
Deposits for sales – leaseback borrowing – non-current	—	30,000	30,000
Restricted cash - current	—	53,129	53,129
Trade receivables	—	239,360	239,360
Amount due from a related party	—	475,852	475,852
Financial assets included in prepayments, deposits and other receivables	—	1,007,986	1,007,986
Finance lease receivables – current	—	112,170	112,170
Cash and cash equivalents	—	1,987,878	1,987,878
	2,042,103	3,957,834	5,999,937

Financial liabilities

	Financial liabilities at amortised cost *RMB'000* *(Audited)*
Trade payables	21,000
Financial liabilities included in other payables and accruals	336,951
Interest-bearing bank loans and other borrowings - current	1,154,411
Amount due to related parties	2,585
Senior notes	5,190,607
Interest-bearing bank loans and other borrowings – non-current	2,168,714
Deposits received for rental vehicles	3,550
	8,877,818

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		**Fair values**	
	30 June 2016	31 December 2015	**30 June 2016**	31 December 2015
	RMB'000	*RMB'000*	***RMB'000***	*RMB'000*
	(Unaudited)	*(Audited)*	***(Unaudited)***	*(Audited)*
Financial assets				
Investments in unlisted companies (note 15)	**2,706,962**	1,880,275	**2,706,962**	1,880,275

Management has assessed that the fair values of cash and cash equivalents, trade receivables, trade payables, financial assets included in prepayments, deposits and other receivables, an amount due from a related party, finance lease receivables, financial liabilities included in other payables and accruals, amounts due to related parties, interest-bearing bank loans and other borrowings approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of the non-current portion of deposits, finance lease receivables, interest-bearing bank loans and other borrowings and senior notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair values have been assessed to be approximate to their carrying amounts. The Group's own non-performance risk for interest-bearing bank loans and other borrowings and senior notes as at 30 June 2016 was assessed to be insignificant.

For the fair value of the investments in unlisted companies, management has estimated the potential effect of using reasonably possible alternatives as inputs to the valuation model and has quantified this as an increase in fair value of approximately RMB826,687,000.

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 30 June 2016:

	Valuation technique	Significant unobservable input	Range	Sensitivity of fair value to the input
Investments in common shares of UCAR	Market approach	Concluded market multiple	6.0	20% increase/(decrease) in concluded market multiples result in increase/(decrease) in fair value by RMB453,852,000/ (RMB453,852,000)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
	(Unaudited)	*(Unaudited)*	*(Unaudited)*	*(Unaudited)*
Investments in unlisted companies	—	—	2,706,962	2,706,962

30. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS *(continued)*

Fair value hierarchy *(continued)*

The movements in fair value measurements within Level 3 during the year are as follows:

	30 June 2016 **RMB'000** ***(Unaudited)***	31 December 2015 *RMB'000* *(Audited)*
Investments in unlisted companies:		
At the beginning of the period	**1,880,275**	—
Investments during the period	**—**	1,083,180
Total gains recognised in the statement of profit or loss included in other income	**826,687**	797,095
At the end of the period	**2,706,962**	1,880,275

The Group did not have any financial liabilities measured at fair value as at 30 June 2016 and 31 December 2015.

During the six months ended 30 June 2016, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities (for the six months ended 30 June 2015: Nil).

31. EVENTS AFTER THE REPORTING PERIOD

(a) From 1 July 2016 to 23 August 2016, the Company has repurchased an aggregate of 23,991,000 of its own shares through the Stock Exchange, at a consideration of HK$183,518,000. The shares have been cancelled after the repurchase.

(b) According to the announcement of the Company dated 23 August 2016 in connection with the connected transaction in relation to the share purchase agreement between UCAR and Shenzhou Usedcar (China) Limited (神州准新車(中國)有限公司) ("Zhunxinche", a wholly-owned subsidiary of the Company), Zhunxinche agreed to sell its 100% equity interests in Shanghai China Auto Used Car Dealing Co., Ltd., mainly engaged in the used car sales business, for an aggregate consideration of RMB37,000,000.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Director

Ms. Yifan SONG *(CEO)*

Non-executive Directors

Mr. Charles Zhengyao LU *(Chairman)*
Mr. Linan ZHU
Ms. Xiaogeng LI
Mr. Zhen WEI

Independent Non-executive Directors

Mr. Sam Hanhui SUN
Mr. Wei DING
Mr. Lei LIN
Mr. Joseph CHOW

CHIEF FINANCIAL OFFICER AND CHIEF OPERATING OFFICER

Mr. Wilson Wei LI

COMPANY SECRETARY

Ms. Ka Man SO *(ACS, ACIS)*

AUDIT AND COMPLIANCE COMMITTEE

Mr. Sam Hanhui SUN *(Chairman)*
Mr. Lei LIN
Mr. Joseph CHOW

NOMINATION COMMITTEE

Mr. Joseph CHOW *(Chairman)*
Mr. Charles Zhengyao LU
Mr. Lei LIN

REMUNERATION COMMITTEE

Mr. Wei DING *(Chairman)*
Ms. Xiaogeng LI
Mr. Joseph CHOW

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Ernst & Young
(Certified Public Accountants)

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