CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED

中國永達汽車服務控股有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code：03669

2013 Interim Report


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Content

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. CHEUNG Tak On *(Chairman)*
Mr. CAI Yingjie *(Vice-Chairman and General Manager)*

Non-executive Directors

Mr. WANG Zhigao *(Vice-Chairman)*
Mr. WANG Liqun

Independent Non-executive Directors

Mr. WANG Zhiqiang
Mr. LU Wei
Mr. CHEN Xianglin

CORPORATE HEADQUARTERS

299 Ruijin Nan Road, Huangpu District
Shanghai
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Unit 5708, 57/F, The Center
99 Queen's Road Central
Hong Kong

REGISTERED OFFICE

Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Intertrust Corporate Services (Cayman) Limited
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

LEGAL ADVISERS TO HONG KONG LAW

Davis Polk & Wardwell
18th Floor, The Hong Kong Club Building
3A Chater Road, Hong Kong

COMPANY SECRETARIES

Ms. MOK Ming Wai *(FCIS, FCS)*

AUTHORIZED REPRESENTATIVES

Mr. WANG Zhigao
Ms. MOK Ming Wai

AUDIT AND COMPLIANCE COMMITTEE

Mr. WANG Zhiqiang *(Chairman)*
Mr. WANG Zhigao
Mr. LU Wei

REMUNERATION COMMITTEE

Mr. WANG Zhiqiang *(Chairman)*
Mr. WANG Zhigao
Mr. LU Wei

NOMINATION COMMITTEE

Mr. CHEUNG Tak On *(Chairman)*
Mr. CHEN Xianglin
Mr. LU Wei

COMPLIANCE ADVISER

Guotai Junan Capital Limited
27th Floor, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

HONG KONG SHARE REGISTRAR

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

STOCK CODE

03669

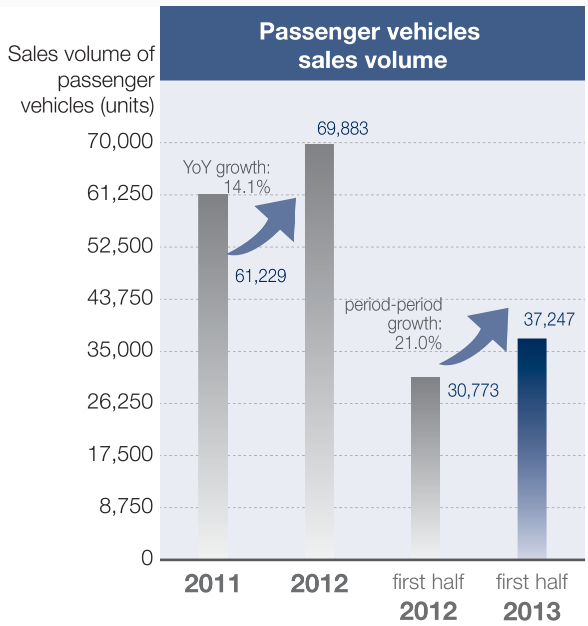
AUDITOR

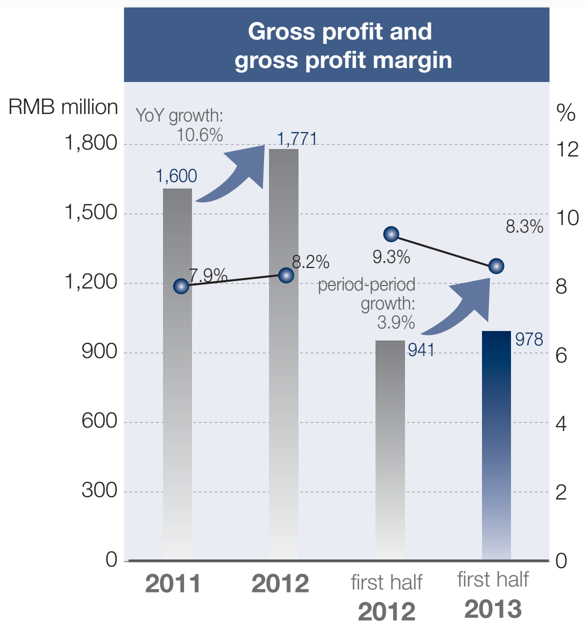
Deloitte Touche Tohmatsu
Certified Public Accountants
35/F One Pacific Place
88 Queensway
Hong Kong

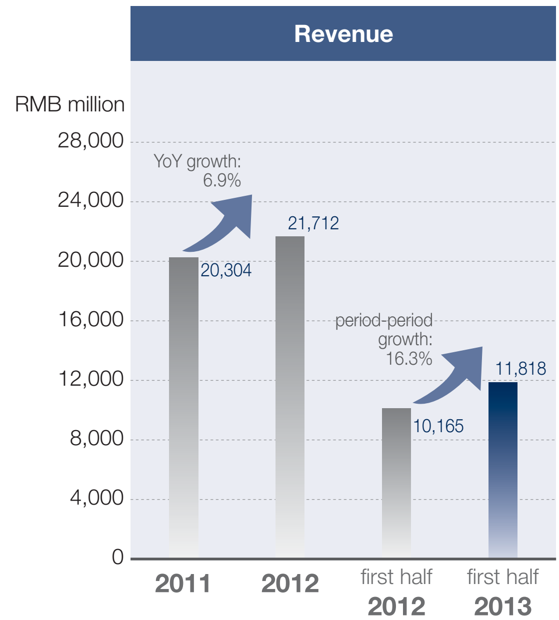
COMPANY WEBSITE

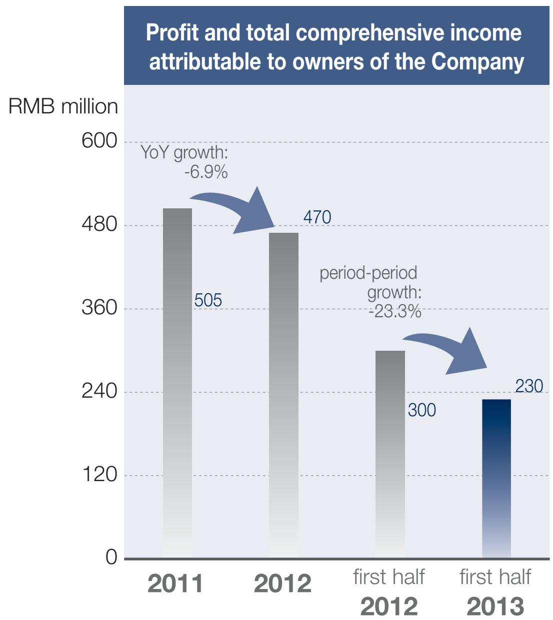
www.ydauto.com.cn

Financial Highlights









Chairman's Statement

Dear shareholders,

On behalf of the board (the "Board") of directors (the "Directors") and the management of China Yongda Automobiles Services Holdings Limited (the "Company"), I am pleased to present the report of the Company and its subsidiaries (collectively referred to as "the Group", "we", or "us") for the first half of 2013.

Subject to the slowdown in macroeconomic growth of China for the first half of 2013, there was a moderate growth in China's automobile market for the period. According to the information from China Association of Automobile Manufacturers ("CAAM"), sales volume of passenger vehicles in China was approximately 8,665,100 units for the first half of 2013, representing an increase of 13.8% from that of the same period of 2012. Automobile after-sales services market in China has maintained a rapid growth during the first half of 2013, representing good potential for market development. With this background, the Group has achieved an operational revenue of Renminbi ("RMB") 11,818 million for the first half of 2013, an increase of 16.3% as compared to the same period in 2012 and a net profit attributable to owners of the Company of RMB230 million, a 23.3% decrease from that of the same period in 2012 but a 35.7% increase from that of the second half of 2012.

Capturing opportunity to actively expanding network

China's macro-economy was under a periodic adjustment during the first half of 2013 resulting in a slowdown in economic growth. The People's Republic of China (the "PRC") automobile industry reflected this trend accordingly. The Group, however, believed that this is our opportunity for active network expansion. As of the date of this interim report, we have opened 13 new outlets for luxury and ultra-luxury brands, including outlets for BMW, Audi, Jaguar, Land Rover, Porsche and Bentley. Meanwhile, we have also successfully obtained authorizations to open

15 new outlets, including outlets for BMW, Audi, Jaguar, Land Rover, Lincoln, etc. What also worths mentioning is that, during the first half of 2013, we have entered into a strategic cooperation framework agreement with Audi, making us one of the five strategic dealerships of Audi in China, and the only Audi strategic partner amongst all the passenger vehicle retailers listed in Hong Kong. This sets for our leapfrog development in network expansion with Audi in the future, enhances our market share in the sales of Audi in China significantly, and optimizes our luxury brands portfolio.

At the same time as we adhering to our strategy of self-building network, we have started expanding our network through acquisition and merger since the first half of 2013. We successfully acquired an Audi 4S dealership store in Lishui, Zhejiang province and a Buick 4S dealership store in Jiaxing, Zhejiang province at comparatively low costs. The operation of the acquired entities has remained steady after the acquisitions. We have also enhanced the management of the acquired entities. Currently, we will actively implement our low-cost merger and acquisition strategy.

Steadily promoting sales by emphasizing quality

During the first half of 2013, the sales trend for passenger vehicles has picked up slightly as compared to the second half of 2012; the retail price remained stable following the trend starting from the forth quarter of 2012. Our management has been closely monitoring the changes of market conditions and put enhancing sales profits as our priority. In the first half of 2013, we accelerated the pace in the sales of passenger vehicles and opening of new outlets in order to achieve a balance between sustainable sales growth, satisfactory inventory level and profitability. We sold 37,247 units of passenger vehicles in the first half of 2013, representing a 21.0% increase as compared to the same period in 2012, amongst which, the sales volume of luxury and ultra-luxury passenger vehicles was 18,800 units, representing a 22.8% increase as compared to the same period in 2012. We realized a gross profit margin of 3.9% in passenger vehicle sales for the first half of 2013, representing a decrease as compared to the same period in 2012, but a 1.0 percentage point increase from a gross profit margin of 2.9% in the second half of 2012.

Leveraging our strengths to enhance after-sales services

We have focused on leveraging the advantages of our "Yongda" brand to strengthen our comprehensive "one-stop shop" automobile after-sales services in order to attract and retain our customers. We aim to provide comprehensive, diversified and value-added automobile extended products and services to our customers and fully explore their needs, in order to enhance our turnover and profitability. During the first half of 2013, we continued to strengthen the cooperation with insurance companies and to improve our service efficiency. We have continuously strengthened our efforts in cost control and centralized procuments, and introduced new suppliers that meet our strict quality control requirements with lower cost. We have achieved satisfactory performance in after-sales services through our continuous efforts. Revenue of after-sales services (including repair and maintenance services as well as extended products and services) reached up to RMB1,136 million in the first half of 2013, representing an increase of 16.7% as compared to the same period in 2012, of which the revenue of after-sales services for luxury and ultra-luxury brands increased approximately 23.4% from the same period of last year. The gross profit margin of our after-sales services continued to increase to 46.4% during the first half of 2013, showing an increase of 2.9 percentage points from that of the same period in 2012 while an increase of 1.0 percentage point from that of the second half of 2012.

Chairman's Statement

Developing finance leasing with innovative efforts

During the first half of 2013, our traditional automobile leasing assets continued to grow steadily with a revenue of RMB127 million, representing an increase of 20.7% from that of the same period in 2012, achieving a gross profit margin for leasing of 33.1%, which remained stable as compared to 33.7% for the second half of 2012. We have been actively exploring and developing automobile finance leasing business. We have obtained the formal approval from the Ministry of Commerce of the PRC government in May 2013 for our automobile finance leasing business. The launch of automobile finance leasing business is expected to successfully connect the sales of automobile with the financial industry. The penetration ratio of this type of business reaches over 40% in mature markets such as Europe and the America. The automobile finance leasing business in China is still at its preliminary stage and has great potential for future development and profitability in China.

Striving for excellence and enhancing our management

During the first half of 2013, adhering to our standardized, procedural and systematic management philosophy, we promoted delicate management in all aspects of our operational management. We facilitated resources sharing and synergy amongst our outlets through the establishment and enhancement of our brand department; we continued to enhance our operational quality by strengthening our management of gross profit margin and inventory turnover days; we strengthened budget management to control all costs; we established special divisions and procedures for the training of strategic talents; we enhanced the information technology system to improve our efficiency of management. We have won good reputation within the industry and obtained a number of awards in relation to management of our 4S dealerships of brands such as BMW, Audi, Jaguar, Land Rover, Porsche and General Motors in the industry.

We believe the market of luxury and ultra-luxury passenger vehicles in the PRC will continue to grow rapidly in the long run. Although the slowdown of macro-economic growth in the PRC during the past two years would have negative impact on the sale of luxury and ultra-luxury vehicles, we, however, consider that this is an opportunity for our Group to demonstrate our management capabilities. Some competitors may reduce their investment under unfavorable market conditions. Some may even withdraw from the competition. This brings us business opportunity to expand our network. To achieve this, we will take advantage of this opportunity to actively expand our network through organic growth and mergers and acquisitions. Besides, we will continue to promote delicate management in all areas within the Group and enhance our overall competitiveness. We will also focus on our talent strategy and enhance our human resources management by cooperating with international professional organizations. We understand that talent strategy will be our core strategy in the future.

During the first half of 2013, with the dedication and commitment of our staff, we achieved satisfactory results in all aspects of our operation and management. I, on behalf of the Board, would like to take this opportunity to express my sincere gratitude and appreciation. Looking forward, we have confidence in the luxury and ultra-luxury vehicles sales and services industry of the PRC and we will, continue to strive for excellence.

CHEUNG Tak On
Chairman
August 30, 2013

Management Discussion and Analysis

MARKET REVIEW

China's automobile market has continued its moderate growth during the first half of 2013. In terms of sales volume, the market has grown faster than the same period in 2012. According to the CAAM, automobile sales volume in China was approximately 10,782,200 units for the first half of 2013, approximately 12.3% increase compared to the same period in 2012, among which, sales volume of new passenger vehicles was approximately 8,665,100 units, approximately 13.8% increase compared to the same period in 2012.

The market for luxury and ultra-luxury passenger vehicles has continued its fast growth in the first half of 2013; however, compared to a rapid growth rate in 2012, the growth in the first half of 2013, in particular, during the first quarter of 2013 slowed down. The growth rate rebounded during the second quarter of 2013 driven by factors such as the introduction of new models of passenger vehicles to the market. The sales volume of BMW, Audi, Jaguar and Land Rover during the first half of 2013 was approximately 182,800 units, 227,900 units and 41,900 units, respectively, representing an increase of approximately 15%, 18% and 15%, respectively, compared to the same period in 2012.

China's after-sales services' market has exhibited great growing potentials and continued its fast growing pace during the first half of 2013, in particular, the luxury and ultra-luxury segment, primarily driven by the rise in passenger vehicle ownership and the aging of passenger vehicles in China. Moreover, Chinese consumers are increasingly focused on car maintenance and repair and other related extended products and services, leading to the expansion and development of after-sales services' market. According to Roland Berger, the number of luxury and ultra-luxury vehicles in China is expected to reach 9.18 million units and maintain a compound annual growth rate ("CAGR") of approximately 29% till 2015, among which, the percentage of vehicles older than two years is expected to rise to approximately 60.8%. As a result, according to Roland Berger, after-sales services in the luxury and ultra-luxury segment is expected to generate about RMB179.1 billion revenue with a CAGR of approximately 28% till 2015. It has also been estimated by Roland Berger that the transaction volumes of pre-owned vehicles are expected to be about 6.32 million with a CAGR of approximately 25% till 2015. We believe that, driven by the continuing growth in car parc and the gradually maturing market, the after-sales services businesses, including maintenance and repair services, automobile extended products and services, insurance business and financing products, pre-owned vehicles and automobile rental and finance leasing services, will continue their fast growth.

Management Discussion and Analysis

BUSINESS REVIEW

As a leading passenger vehicle retailer and comprehensive service provider in China, we have achieved a relatively fast growth in the first half of 2013. Our revenue and gross profit were RMB11,818 million and RMB978 million, respectively, for the six months ended June 30, 2013, representing an increase of 16.3% and 3.9%, respectively, compared to the same period in 2012. Our net profit and net profit attributable to owners of the Company were RMB267 million and RMB230 million, respectively, for the six months ended June 30, 2013, representing a decrease of 19.6% and 23.3%, respectively, compared to the same period in 2012, primarily due to the decrease in gross profit margin of passenger vehicle sales compared to the same period in 2012 and an increase in the expenses as a result of the expansion of new outlets in the first half of 2013. Nonetheless, the gross profit margin of our passenger vehicle sales has started to improve since the fourth quarter of 2012. Moreover, due to our enhancement of cost control in the first half of 2013, we reduced distribution and selling expenses and administrative expenses to sales ratio to 5.3%, slightly lower than that of the second half of 2012. As a result of the foregoing, our net profit and net profit attributable to owners of the Company for the first half of 2013 increased by 45.2% and 35.7%, respectively, compared to the second half of 2012.

Set forth below is a summary of the major developments of our business for the first half of 2013.

Stable Growth of New Passenger Vehicle Sales and Fast-growing After-sales Business

- **New Passenger Vehicle Sales**. The weak consumer sentiment resulting from the growing economic instability adversely affected market demand in 2012; however, the market has been recovering since the fourth quarter of 2012. The market of passenger vehicles has accelerated its growth in the first half of 2013 and retail price has generally maintained a steady pace since the rebound in the fourth quarter of 2012. Our management has prudently monitored changing market conditions and has strived to prioritize the profitability of our business. During the first half of 2013, we have accelerated new passenger vehicle sales and the development of new outlets to an optimal level so as to achieve a balance between sustainable sales growth, satisfactory inventory level and profitability.

  Despite the challenging market environment, our sales volume of new passenger vehicles reached 37,247 units in the first half of 2013, a 21.0% increase compared to the same period in 2012, and sales volume of luxury and ultra-luxury brands reached 18,800 units in the first half of 2013, a 22.8% increase compared to the same period in 2012. Gross profit margin for new passenger vehicles was 3.9% for the six months ended June 30, 2013, although a decrease compared to 5.2% for the same period in 2012, yet a 1.0 percentage point increase compared to 2.9% for the second half of 2012, mainly due to the fact that retail price has started to remain stable since the fourth quarter of 2012.

BUSINESS REVIEW (continued)

Stable Growth of New Passenger Vehicle Sales and Fast-growing After-sales Business (continued)

- **After-sales Services**. Our repair and maintenance services have continued their fast growth in the first half of 2013, in particular, the luxury and ultra-luxury segment. This is a result of our fast-growing customer base, in particular, our customers for luxury and ultra-luxury passenger vehicles, which in turn increased the demand for our after-sales services. Our comprehensive "one-stop shop" automobile-related quality services and the recognition of our well-known "Yongda" brand which achieved a high degree of customer satisfaction have helped increase customer retention rates and continuous consumption and attract new customers through referrals. We will continue our efforts in enhancing cooperation with insurance companies and efficiency in our after-sales services.

  In addition, we are also committed to providing comprehensive, diversified and value-added automobile extended products and services through our "one-stop shop" services, which mainly include automobile decoration, automobile spare parts, automobile adaptations, automobile care and maintenance services, automobile extended warranty services, agency services of vehicle title registration and vehicle inspection services, road rescue services and club membership services. Our automobile extended products and services have largely promoted the growth of after-sales services, mainly driven by our continuous improvement of sales process, competitive evaluation and remuneration system and the introduction of suppliers and products that meet customers' demands.

  Our after-sales service business, which mainly includes repair and maintenance services and automobile extended products and services, has achieved a revenue of RMB1,136 million for the first half of 2013, a 16.7% increase compared to the same period in 2012, among which, revenue from after-sales services for luxury and ultra-luxury brands has increased 23.4% compared to the same period in 2012.

  Gross profit margin of our after-sales services business has continued its growth to 46.4% for the first half of 2013, a 2.9 percentage points increase compared to the same period in 2012 and a 1.0 percentage point increase compared to the second half of 2012, primarily due to (i) the increase in the proportion of after-sales business for luxury and ultra-luxury passenger vehicles which has a higher gross profit margin; (ii) our continuous efforts in the promotion of comprehensive, diversified and value-added automobile extended products and services; (iii) our enhanced cooperation with insurance companies which increased revenue from accidental car business referrals by insurance companies; and (iv) our continuous enhancement of cost control and centralized purchases, as well as the introduction of new suppliers who can meet our strict quality control requirements at lower cost.

BUSINESS REVIEW (continued)

Stable Growth of New Passenger Vehicle Sales and Fast-growing After-sales Business (continued)

- **Automobile Rental Services**. In the first half of 2013, we proactively promoted our automobile rental services by exploring new customers and expanding our fleet size. As a result, our automobile rental services has achieved a revenue of RMB127 million, a 20.7% increase compared to the same period in 2012. Although facing a higher labor cost and the temporary adverse impact of the tax reform by the PRC government to change business tax to value-added tax in 2012, our gross profit margin for automobile rental services has remained stable, which was 33.1% for the first half of 2013 compared to 33.7% for the second half of 2012.

- **Other After-sales Services**. During the first half of 2013, we have strengthened our cooperation with insurance companies, banks and other financial institutions and we have achieved a steady increase in revenue from our agency services for automobile insurance and financial products. In addition, we have actively promoted pre-owned vehicle business in the first half of 2013 by upgrading information management system for pre-owned vehicles, increasing the proportion of brand certified pre-owned vehicles, using a third-party auction system for pre-owned vehicles and the establishment of pre-owned vehicle center which has greatly improved our sales volumes and profit of pre-owned vehicle business.

Continuous Expansion of Our Network

We have continued to build our strong and long-term relationships with leading manufacturers of luxury and ultra-luxury passenger vehicles. In the first half of 2013, we continued to focus on luxury and ultra-luxury brands, including BMW, MINI, Audi, Porsche, Jaguar, Land Rover, Bentley, Infiniti, Cadillac, Volvo and in the first half of 2013, we have obtained an authorization from Lincoln, an American luxury brand. In addition, we have a select portfolio of mid- to high-end brands, mainly including Buick and Volkswagen.

What also worths mentioning is that, in the first half of 2013, we have entered into a strategic cooperation framework agreement with Audi, making us one of its five strategic dealerships in China and the only Audi strategic partner amongst all the passenger vehicle retailers listed in Hong Kong. Audi has always kept strict rules on the quantity and the location of outlets and driven by the fast development of China's automobile market and enhanced competition, Audi has adapted its networking development strategy by identifying five competitive automobile sales companies as its strategic partners to become the main force of its network development. In accordance with our strategic cooperation framework agreement and subject to certain conditions, Audi agrees to grant us several pre-authorized projects per annum and will prioritize the requests of the Audi dealerships controlled by us. We are entitled to have top priority for Audi's network development. Meanwhile, we are entitled to have priority in sales of its new model of vehicles, as well as expansion of our cooperation with Audi in certain other areas. We believe Audi is expected to have great potential to develop its business in China. Benefit from our strategic partnership with Audi, we will no longer be restricted by dealerships development constraints imposed by Audi previously and will seize the opportunity of fast development of Audi in China. We plan to significantly increase market shares in the sales of Audi vehicles in China to achieve leapfrog development, which is expected to help optimize our luxury and ultra-luxury product portfolio and enhance our future business development.

During the reporting period and up to the date of this interim report, we have obtained authorization to open 15 new outlets from a number of luxury and ultra-luxury brands, including three BMW 4S dealerships, one BMW pre-owned car center, four Audi 4S dealerships, four Jaguar/Land Rover 4S dealerships and one Lincoln 4S dealership, which has further enhanced our luxury and ultra-luxury portfolio.

BUSINESS REVIEW (continued)

Continuous Expansion of Our Network (continued)

During the reporting period and up to the date of this interim report, we have established 13 new outlets for luxury and ultra-luxury brands, namely three BMW outlets, one BMW flagship showroom, three Audi 4S dealerships, three Jaguar/Land Rover 4S dealerships, one Porsche 4S dealership, one Bentley 4S dealership and one Cadillac showroom. Several of them are among the largest 4S dealerships or showrooms worldwide or in their respective regions, for example:

- in August 2013, we commenced operation of the global largest BMW flagship showroom, Baozen Huaihai 4S store in Shanghai;

- in June 2013, we commenced operation of the largest Jaguar/Land Rover 4S store in Central China region in Zhengzhou, Henan province; and

- in May 2013, we commenced operation of the global largest Audi Flagship store in Shanghai, which has a gross floor area of approximately 46,000 square meters.

In addition, we commenced operation of a Bentley 4S dealership, one of the world's top luxury auto brands in Shaoxing, Zhejiang province in May 2013.

During the reporting period and up to the date of this interim report, we have acquired two 4S dealerships to expand our footprint into new markets, namely one Audi 4S dealership in Lishui, Zhejiang province and one Buick 4S dealership in Jiaxing, Zhejiang province, which further enhanced our experience of and laid solid foundation for future acquisitions at lower cost.

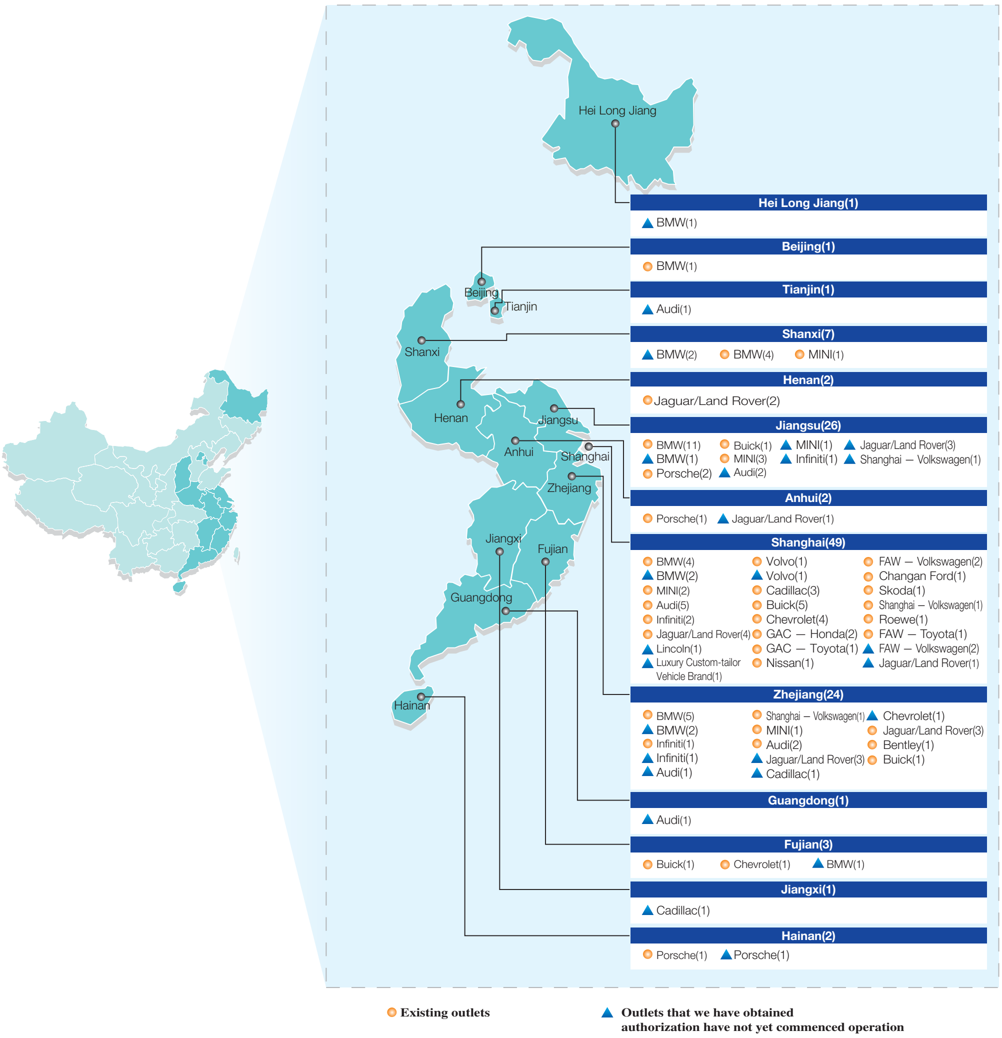
BUSINESS REVIEW (continued)

Continuous Expansion of Our Network (continued)

The table below sets forth the number of our outlets as of the date of this interim report:

	Existing Outlets	New Outlets that We Have Obtained Authorization to Open	Total
Luxury and ultra-luxury brands 4S dealerships	37	28	65
Mid- to high-end brands 4S dealerships	25	4	29
Manufacturer-authorized service centers	5	–	5
Showrooms	17	1	18
Manufacturer authorized certified pre-owned vehicle center	1	2	3
Total	85	35	120

We have selectively expanded our network beyond Eastern China to enter strategic markets in other regions, such as Northern China, Eastern Northern China, Central China and Southern China. As of the date of this interim report, we have been authorized by manufacturers to open and operate 120 outlets which are located across 34 cities in 10 provinces and 3 municipalities in China and the geographic coverage of our outlets is illustrated below:



BUSINESS REVIEW (continued)

Strive for Innovation and Embark into Finance Leasing Sector

In May 2013, our indirect wholly-owned subsidiary, Shanghai Yongda Finance Leasing Company Limited (上海永達融資租賃有限公司) commenced its operation after obtaining the approval from the Ministry of Commerce of the PRC, which laid a milestone in our efforts in providing financing products and services to our clients. The penetration ratio resulting from the synergies of the automobile sales industry and finance industry in the form of automobile finance leasing is over 40% in mature markets such as Europe and American; automobile finance leasing is at its preliminary stage and has great potential for future development and achieve profitability in China. Automobile finance leasing has covered a comprehensive industry chain of passenger sales services. We expect to gain revenue and increase profit from new passenger vehicles sales and interest earnings, as well as from automobile financing related business such as maintenance and repair services, automobile extended products and services, insurance and pre-owned vehicle businesses.

Continuous Upgrading of Our Management and Marketing Capability

While we have expanded our business through continued organic growth, we have continued standardizing and optimizing our management processes, and these standardized management processes have resulted in an operational model that can be readily replicated to the outlets that we establish or acquire in the future. In the first half of 2013, we have particularly focused on enhancing our management by adopting the following key measures:

- the establishment of our brand department to enhance the resource sharing and synergies among brand sales and outlet services;
- strengthening the target management of gross profit margin and inventory turnover days;
- enhancing the management of expense budgeting to enhance profitability;
- the establishment of a specialized division and system to speed up the training of strategic talents in order to build up sufficient numbers of management personnel and team;
- the enhancement of information technology system to improve efficiency through consistent and transparent internal operation; and
- the continuous engagement of third-party consulting firms to identify areas of our business processes which require improvement.

We have obtained a number of awards which recognize our improved management quality. For example, in the first half of 2013 we have received numerous awards from many well-known passenger vehicles manufacturers relating to our performance in 2012 and the first half of 2013, including but not limited to:

- we are the only passenger vehicle retailer listed in Hong Kong that has three dealerships being selected by BMW in its Top10 list of "2012 BMW Best Performance Dealer Awards";
- one of our Jaguar/Land Rover 4S dealerships in Shanghai is the only 4S dealership that has been awarded five best annual awards in different categories nationwide by Jaguar, Land Rover at the same time;
- one of our Porsche 4S dealerships in Wuxi, Jiangsu province has achieved top sales target completion rate of Porsche in China for the first half of 2013;

BUSINESS REVIEW (continued)

Continuous Upgrading of Our Management and Marketing Capability (continued)

- one of our Porsche 4S dealerships in Hefei, Anhui province has been placed No. 2 by Porsche in its sub-item evaluation of after-sales services in China; and
- several of our Buick 4S dealerships have been awarded five-star authorized sales and after-sales service centers by Buick.

We have continued to build our corporate brand "Yongda" during the first half of 2013 and made continuous efforts in marketing innovation and enhancing customer retention through a variety of channels, including:

- focusing on our customer-oriented strategy, enhancing customer's satisfaction and encouraging customers' continuous consumption and consumption upgrade;
- enhancing the management of our multi-media "96818" customer service platform;
- enhancing sales through TV shopping channels and online shopping platform and encouraging innovation in sales medium; and
- enhancing our partnership with banks and insurance companies.

In May 2013, we have been awarded "2012 Shanghai Top Ten Brands" title, for our professional services, corporate strength and outstanding corporate image. We are the only company in the passenger vehicle sales and services industry that won this award. A high degree of awareness of our brand has become an important factor to enhance customer loyalty and differentiates us from our peers.

FINANCIAL REVIEW

Revenue

Revenue was RMB11,818.5 million for the six months ended June 30, 2013, a 16.3% increase from RMB10,164.9 million for the six months ended June 30, 2012, primarily due to the growth from sales and after-sales services in relation to luxury and ultra-luxury passenger vehicles. The table below sets forth a breakdown of our revenue and relevant information for the periods indicated:

	For the six months ended June 30,					
	2012			**2013**		
	Amount *(RMB in thousands)*	Sales Volume *(Units)*	Average Selling Price *(RMB in thousands)*	**Amount** ***(RMB in thousands)***	**Sales Volume** ***(Units)***	**Average Selling Price** ***(RMB in thousands)***
Passenger vehicle sales						
Luxury and ultra-luxury brands	7,110,485	15,315	464	**8,290,828**	**18,800**	**441**
Mid- to high-end brands	1,976,347	15,458	128	**2,265,069**	**18,447**	**123**
Subtotal	9,086,831	30,773	295	**10,555,897**	**37,247**	**283**
After-sales services	972,870	–	–	**1,135,605**	**–**	**–**
Automobile rental services	105,175	–	–	**126,955**	**–**	**–**
Total	10,164,876	–	–	**11,818,457**	**–**	**–**

FINANCIAL REVIEW (continued)

Revenue (continued)

Revenue from passenger vehicle sales was RMB10,555.9 million for the six months ended June 30, 2013, a 16.2% increase from RMB9,086.8 million for the six months ended June 30, 2012, primarily due to (i) the overall demand for passenger vehicles continued to grow in China, particularly for luxury and ultra-luxury passenger vehicles; (ii) our dealerships opened in prior years quickly ramped up and increased the revenue; and (iii) an increase in the number of our 4S dealerships during the first half of 2013. The growth of revenue from passenger vehicle sales was partly offset by a decrease in average selling price, primarily due to the increased proportion of entry-level models and domestically manufactured models of luxury and ultra-luxury passenger vehicles.

Revenue from after-sales services was RMB1,135.6 million for the six months ended June 30, 2013, a 16.7% increase from RMB972.9 million for the six months ended June 30, 2012, primarily due to (i) our continuously growing customer base, in particular, our customers for luxury and ultra-luxury passenger vehicles, which in turn increased the demands for our after-sales services; (ii) our "one-stop shop" comprehensive automobile-related quality services which achieved a high degree of customer satisfaction and in turn increased customer retention rates and continuous consumption and attracted new customers through referrals; (iii) more referrals by insurance companies as a result of our strengthened cooperation; (iv) our efforts in innovating and launching various comprehensive, diversified and value-added automobile extended products and services; and (v) our continued effort in enhancing service efficiency.

Revenue from automobile rental services was RMB127.0 million for the six months ended June 30, 2013, a 20.7% increase from RMB105.2 million for the six months ended June 30, 2012, primarily due to our efforts in developing new customers and our expanded fleet size.

Cost of Sales and Services

Cost of sales and services was RMB10,840.5 million for the six months ended June 30, 2013, a 17.5% increase from RMB9,223.6 million for the six months ended June 30, 2012, which was generally in line with the growth of our revenue.

Cost of sales and services for passenger vehicle sales was RMB10,146.6 million for the six months ended June 30, 2013, an increase of 17.8% from RMB8,610.9 million for the six months ended June 30, 2012, which was generally in line with the growth of passenger vehicle sales.

Cost of sales and services for after-sales services was RMB608.9 million for the six months ended June 30, 2013, a 10.9% increase from RMB549.2 million for the six months ended June 30, 2012. The cost of sales and services for after-sales services increased at a slower pace compared to the increase in revenue of after-sales services.

Cost of sales and services for automobile rental services was RMB85.0 million for the six months ended June 30, 2013, a 33.9% increase from RMB63.5 million for the six months ended June 30, 2012, which increased at a faster pace compared to the increase in revenue of our automobile rental services.

FINANCIAL REVIEW (continued)

Gross Profit

As a result of the foregoing, gross profit was RMB978.0 million for the six months ended June 30, 2013, a 3.9% increase from RMB941.3 million for the six months ended June 30, 2012.

Gross profit from passenger vehicle sales was RMB409.3 million for the six months ended June 30, 2013, a 14.0% decrease from RMB475.9 million for the six months ended June 30, 2012. Gross profit margin for passenger vehicle sales decreased to 3.9% for the six months ended June 30, 2013 from 5.2% for the six months ended June 30, 2012, primarily due to the intensified competition in the passenger vehicle sales market and a decrease in retail price for new passenger vehicle since the beginning of 2012 caused by an imbalance between excess supply and slowdown in sales during the slowing economy in 2012. However, retail price for new passenger sales remained stable since the fourth quarter in 2012. Gross profit margin for the six months ended June 30, 2013 has risen by 1.0 percentage point compared to 2.9% for the second half of 2012 and gross profit for the six months ended June 30, 2013 has increased by 35.8% from RMB301.4 million for the second half of 2012.

Gross profit from after-sales services was RMB526.7 million for the six months ended June 30, 2013, an increase of 24.3% from RMB423.7 million for the six months ended June 30, 2012. Gross profit margin for after-sales services increased to 46.4% for the six months ended June 30, 2013 from 43.5% for the six months ended June 30, 2012, primarily due to (i) the increased proportion of after-sales services provided to luxury and ultra-luxury passenger vehicles, which have a higher gross profit margin; (ii) our continued focus on providing comprehensive, diversified and value-added automobile extended services and products; (iii) an increase of revenue from referrals by insurance companies relating to accidental car repair; and (iv) our satisfactory cost control and centralized purchases, as well as the introduction of new suppliers who can meet our strict quality control requirements at lower cost.

Gross profit from automobile rental services remained stable, which was RMB42.0 million for the six months ended June 30, 2013 compared to RMB41.7 million for the six months ended June 30, 2012. Gross profit margin for automobile rental services was 33.1% for the six months ended June 30, 2013, a decrease compared to 39.6% for the six months ended June 30, 2012, primarily due to higher labor cost and temporary adverse impact of the tax reform by the PRC government to change business tax to value-added tax in 2012. We have taken relevant measures against these and our gross profit margin for automobile rental service for the six months ended June 30, 2013 was 33.1%, which remained stable compared to 33.7% for the six months ended June 30, 2012.

Other Income, other Gains and Losses

Other income, other gains and losses were RMB88.2 million for the six months ended June 30, 2013, a 33.4% decrease from RMB132.4 million for the six months ended June 30, 2012, primarily due to a decrease in government grants and a decrease in advertisement support from automobile manufacturers.

Distribution and Selling Expenses

Distribution and selling expenses were RMB414.9 million for the six months ended June 30, 2013, a 22.9% increase from RMB337.7 million for the six months ended June 30, 2012, primarily due to the expansion of our network and sales scale. As a percentage of revenue, our distribution and selling expenses increased slightly to 3.5% for the six months ended June 30, 2013 from 3.3% for the six months ended June 30, 2012.

Administrative Expenses

Administrative expenses were RMB208.2 million for the six months ended June 30, 2013, a 33.0% increase compared to RMB156.5 million for the six months ended June 30, 2012, primarily due to the increase in expenses in relation to the opening of new outlets during the second half of 2012 and the first half of 2013. As a percentage of revenue, administrative expenses increased to 1.8% for the six months ended June 30, 2013 from 1.5% for the six months ended June 30, 2012. However, we have strengthened our cost control during the first half of 2013. As a result, the administrative expenses, as a percentage of revenue, for the six months ended June 30, 2013 was slightly lower than 1.9% for the second half of 2012.

FINANCIAL REVIEW (continued)

Finance Costs

Finance costs were RMB96.8 million for the six months ended June 30, 2013, a 30.2% decrease from RMB138.6 million for the six months ended June 30, 2012, primarily due to decreased effective interest rate of our borrowings due to the general credit loosening financial environment in China since the second half of 2012.

Profit before Tax

As a result of the foregoing, profit before tax was RMB350.8 million for the six months ended June 30, 2013, a 19.8% decrease from RMB437.4 million for the six months ended June 30, 2012.

Income Tax Expenses

Income tax expenses were RMB84.1 million for the six months ended June 30, 2013, a 20.4% decrease compared to RMB105.6 million for the six months ended June 30, 2012. Our effective income tax rate remained the same at 24.0% for the six months ended June 30, 2013 compared to 24.1% for the six months ended June 30, 2012.

Profit and Total Comprehensive Income for the Period

As a result of the foregoing, profit and total comprehensive income was RMB266.7 million for the six months ended June 30, 2013, a 19.6% decrease from RMB331.8 million for the six months ended June 30, 2012.

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

Profit and total comprehensive income attributable to the owners of the Company was RMB230.3 million for the six months ended June 30, 2013, a 23.3% decrease from RMB300.4 million for the six months ended June 30, 2012.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our primary uses of cash are payment for purchases of passenger vehicles, spare parts and automobile accessories, funding of our working capital and ordinary recurring expenses, funding of the capital expenditures in connection with the establishment of new dealerships, acquisition of additional dealerships and repayment of our indebtedness. We maintain our liquidity through a combination of cash flows generated from our operating activities, capital injections, bank loans and other borrowings. In the future, we believe that our liquidity requirements are expected to be satisfied by using a combination of cash flows generated from our operating activities, bank loans and other borrowings, as well as funds raised from the capital markets from time to time, including proceeds raised from our initial public offering in July 2012.

For the six months ended June 30, 2013, our net cash used in operating activities was RMB366.1 million, a 56.3% increase from RMB234.3 million for the six months ended June 30, 2012, primarily due to our repayment of bills payables in the amount of RMB476.5 million in 2013.

For the six months ended June 30, 2013, our net cash used in investing activities was RMB139.3 million, compared to net cash from investing activities of RMB9.1 million for the six months ended June 30, 2012, primarily due to an increase in our capital expenditures, including expenditures on purchases in property, plant and equipment.

For the six months ended June 30, 2013, our net cash used in financing activities was RMB383.9 million, compared to net cash from financing activities of RMB123.2 million for the six months ended June 30, 2012, primarily due to our dividend payment of RMB140.6 million for the year ended December 31, 2012 in the first half of 2013 and repayment of borrowings of RMB115.7 million using our cash surplus.

Net Current Assets

As of June 30, 2013, we had net current assets of RMB1,123.2 million, decreased by RMB320.7 million from RMB1,443.9 million as of December 31, 2012, primarily due to an increase in our capital expenditures, including expenditures on purchases of properties, plant and equipment, to RMB455.2 million for the first half of 2013.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Inventories

Our inventories mainly include passenger vehicles procured for passenger vehicle sales and, to a lesser extent, spare parts, accessories and other miscellaneous inventories. Our inventories were RMB2,971.6 million as of June 30, 2013, a 11.0% increase from RMB2,678.2 million as of December 31, 2012, primarily due to the expansion in our sales network and scale. The following table sets forth our average inventory turnover days for the periods indicated:

	For the six months ended June 30,	
	2012	**2013**
Average inventory turnover days (1)	48.5	**47.6**

(1) The average inventory turnover days for the period is the average of opening and closing inventory balances divided by the cost of sales and services for that period and multiplied by 183 days for a six-month period.

Our average inventory turnover days for the first half of 2013 was 47.6 days, a decrease compared to 48.5 days for the same period of 2012.

Loans and Borrowings

We obtain borrowings, consisting of bank loans and other borrowings from automobile manufacturers' captive finance companies, to fund our working capital and network expansion. As of June 30, 2013, our bank loans and other borrowings were RMB3,506.5 million, a 3.2% decrease from RMB3,622.2 million as of December 31, 2012, primarily due to our repayment of certain borrowings using our cash surplus during the first half of 2013. The following table sets forth the maturity profile as of June 30, 2013:

	As of June 30, 2013
	(RMB in millions)
Within one year	**3,440.4**
One year to two years	**64.5**
Two years to five years	**1.6**
Total	**3,506.5**

Our net debt to total equity ratio was 56.3% as of June 30, 2013. The net debt to total equity ratio is the net debt, which includes the indebtedness net of cash and pledged bank deposits, divided by total equity.

As of June 30, 2013, certain of our borrowings were secured by mortgages or pledges over our assets. Our assets subject to these mortgages or pledges as of June 30, 2013 consisted of (i) inventories of RMB842.5 million; (ii) property, plant and equipment of RMB129.6 million; (iii) land use rights of RMB7.8 million; and (iv) pledged bank deposits of RMB7.5 million.

Capital Expenditures and Investment

Our capital expenditures comprised primarily expenditures on the purchase of properties, plant and equipment, intangible assets and land use rights, the acquisition of a subsidiary and the establishment of an associate company. For the six month ended June 30, 2013, our total capital expenditures were RMB455.2 million.

Contingent Liabilities

As of June 30, 2013, we did not have any material contingent liabilities or guarantees.

LIQUIDITY AND CAPITAL RESOURCES (continued)

Interest Rate Risk and Foreign Exchange Risk

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

Substantially all of our revenue, cost of revenue and expenses are denominated in Renminbi. We also use RMB as our reporting currency. We do not believe our operations are currently subject to any significant direct foreign exchange risk. We do not currently use any derivative financial instruments to hedge our exposure to foreign exchange risk.

Use of Proceeds

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

FUTURE PROSPECTS AND STRATEGIES

China is expected to become the largest luxury and ultra-luxury passenger vehicles market in the world in 2016, according to McKinsey, a global management consulting firm. In 2012, sales volume of luxury and ultra-luxury new passenger vehicles in China reached approximately 1.25 million units, making China the second largest market of luxury and ultra-luxury passenger vehicles in the world, second only to America. According to McKinsey, it is expected that China's luxury and ultra-luxury passenger vehicles market may maintain a CAGR of 12% up to 2020, while the CAGR for the passenger vehicles market is expected to be only approximately 8% during the same period, and the annual sales volume of luxury and ultra-luxury passenger vehicles in China is expected to reach 3.0 million units, generally in line with the Western Europe market, while the annual sales volume of luxury and ultra-luxury passenger vehicles in America market is expected to be approximately 2.3 million units. According to McKinsey, the annual sale volume of passenger vehicles in China is expected to reach 2.25 million units by no later than 2016, taking over the place of America and ranking first in the global luxury and ultra-luxury passenger vehicles markets. Meanwhile, maintenance and repair services, automobile extended products and services, pre-owned vehicles, insurance and financial products, automobiles rental and automobile finance leasing businesses are also expected to increase rapidly, continuously increasing the profitability of the automobile industry.

To proactively capture market opportunities, we aim to continue strengthening our market position as a leading luxury and ultra-luxury passenger vehicles dealership group in China and seize the opportunities in one of the world's largest and fast-growing passenger vehicle's markets by pursuing the following strategies in 2013 and the future.

NETWORK EXPANSION

- We plan to continue strengthening our leading position in the Eastern China regional market (including Shanghai), and expanding our presence in Central and Western China, Northern China, Southern China and Northeast China to accelerate our national network strategy;

- We plan to continue solidifying our leading position both in the scale of network and market share of BMW brand and taking advantage of our cooperation with strategic sales partners to mainly focus on promoting the development of main-stream luxury and ultra-luxury brands including Audi, Jaguar, Land Rover, Porsche and Volvo. Our focus on these five luxury and ultra-luxury brands will be supplemented by mid- to high-end German and American brands with relatively strong growth potential;

- We plan to consider particular market conditions in different regions and tiers when we selectively develop our centralized automobile parks, stand-alone automobile 4S dealerships, automobile city showrooms, pre-owned vehicle centers, maintenance and repair service centers and city and town quick repair stores, so as to enrich the types of our outlets and tailor to the needs of different markets and customers; and

NETWORK EXPANSION (continued)

- We plan to focus on our network expansion mainly through our organic growth and supplemented by acquisition opportunities in optimal size that we will proactively and selectively identify in order to expand our network to our strategic regions or new regions. We plan to focus on the luxury and ultra-luxury brands in any potential acquisitions and mergers.

NEW PASSENGER VEHICLES SALES

We plan to further improve gross profit margin in new passenger vehicle sales by implementing an information system that provides dynamic management of sales price and turnovers of inventories. We plan to further strengthen our brand department in order to realize the centralized management of our resources and efficient integration. We plan to take advantage of our Group's economies of scale and stimulate synergies. We also plan to implement customers loyalty programs to encourage their continuous consumption and consumption upgrade; and we plan to take advantage of our finance leasing platform to introduce consumption pattern in mature market to meet the needs of different customer groups.

AFTER-MARKET SERVICES

- **Maintenance and Repair Services**. We plan to implement a differentiated and delicate management to enterprises at different development stages in order to increase service absorption rate of after-sales services. We plan to improve our customer management to decrease the customer turnover rate. We plan to enhance our cooperation with insurance companies to increase the proportion of income from accidental cars and increase gross profit margin. We also plan to continue service innovation in order to create myriad of strengths;

- **Refinishing Center**. We plan to acquire the experience from mature market in Northern America to develop independently operated refinishing centers through chain operation, further expand the capacity of after-sales services in our 4S stores, increase the proportion of instant maintenance services and to control customer churn by reducing customer hold time at mature stores;

- **Extended Products and Services**. We plan to take advantage of our Group's economies of scale to further control procurement costs of extended products, to improve product upgrades such as vehicle care products, engine oil and sales and marketing, to develop vehicle refitting OEM (Original Equipment Manufacturer) business, automobile coating and detailing services when market demands arise, and to enhance revenue streams from services for license registration, inspection, and trading by integrating our industrial chain; to provide comprehensive extended products and services to effectively secure customer resources so as to increase profitability;

- **Pre-owned Vehicles**. We plan to accelerate the development of BMW-authorized pre-owned 4S dealerships and Yongda pre-owned vehicle center to achieve a leading industrial position by scale by strengthening business from manufacturer-certified brands and also promoting business from brands certified by us; and enhance value-added pre-owned vehicle business by enhancing cross-selling efforts among pre-owned vehicles, warranty extension, decoration, insurance and financial products;

- **Insurance Business**. We plan to enhance our strategic cooperation with major insurance companies to promote the growth of accidental car business and gross profit margin, and to take advantage of our economies of scale by integrating insurance business in the Eastern China and other areas that our outlets are concentrated in;

- **Automobile Rental**. We plan to expand our automobile rental outlets at a relatively low cost by taking advantage of our passenger vehicle sales and service outlets; to actively promote service innovation and also launch a new online booking business; and we plan to provide featured automobile rental services such as VIP arrivals in order to provide personalized services for high-end customers; and

AFTER-MARKET SERVICES (continued)

- **Finance Leasing Services**. We plan to enhance our profitability of passenger vehicle sales by exploring a new business model of finance leasing services by taking advantage of the platform of finance leasing services developed by us. We plan to accumulate our experience in Shanghai first before promoting our nationwide network at full speed. We believe the finance leasing business will provide us with business growth in relation to maintenance and repair, automobile extended products and services, and insurance, as well as customer resources for pre-owned vehicles.

MANAGEMENT ENHANCEMENT

- We plan to continue to optimize the use of internal and external resources and leverage on our Group's synergies to enhance operational efficiency;

- We plan to enhance our inventory management and price monitoring by the use of powerful EAS (Enterprise Application Software) management system in order to increase fund utilization efficiency and gross profit margin of our sales;

- We plan to improve our customer relationship management, strictly control customer churn and increase customer satisfaction of our after-sales services so as to strengthen and develop our after-sales business;

- We plan to enhance customer value development through our centralized customer information management system that has strengthened our data analysis and marketing;

- We plan to strengthen the control of costs and expenses in order to improve our profitability; and

- We plan to take advantage of our information system, continue to promote standardization, streamlining processes and institutionalization of our operation and management so as to improve our operational efficiency.

TALENT TRAINING

- We will enhance university and industry collaborations based on our development needs to recruit graduates from well-known domestic universities with relevant qualification each year and provide them with practical and efficient training to cultivate our talent pool and groom our management team;

- We plan to cultivate our talent pool for our long term development by focusing on the training of three types of talents, namely general managers, finance managers and business managers for our business outside Shanghai. We plan to provide them with practical and efficient training to enhance their comprehensive capability and professional competence so that they will be able to quickly assume management positions for our business outside Shanghai; and

- We are committed to continue to provide competitive remuneration and compensation system for our employees, implement share incentive scheme and provide comprehensive training and different career opportunities for our employees.

We are committed to implementing our corporate core value of "Creditable, Innovative, Professional and Efficient (誠信、創新、專業、高效)", strengthening our position as a leading passenger vehicle retailer and comprehensive service provider in China, focusing on luxury and ultra-luxury brands, and we aim to create greater value for our shareholders, employees and the society and become the most reputable automobile service brand in China.

Corporate Governance and Other Information

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

As at the date of this interim report, the interests and short positions of the Directors and chief executives of the Company in the shares, underlying shares or debentures of the Company or any of our associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")), as recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") set out in Appendix 10 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") were as follows:

Long positions in the Company's shares

Name of Director	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
Mr. CHEUNG Tak On [(1)]	Founder of a discretionary trust	384,000,000 (long position)	25.946
	Interest of controlled corporation	302,080,000 (long position)	20.411
	Beneficial owner	66,000 (long position)	0.004
Mr. CAI Yingjie [(2)]	Interest of controlled company	108,288,000 (long position)	7.317
	Beneficial owner	474,500 (long position)	0.032
Mr. WANG Zhigao [(3)]	Interest of controlled company	60,160,000 (long position)	4.065
	Beneficial owner	910,500 (long position)	0.062

(1) (i) Mr. CHEUNG Tak On is the settlor and protector of a discretionary trust of which HSBC International Trustee Limited acts as its trustee and the beneficiaries of which are Mr. CHEUNG Tak On and certain of his family members (the "Family Trust"). Palace Wonder Company Limited (栢麗萬得有限公司) ("Palace Wonder") is wholly owned by Regency Valley Company Limited (麗晶萬利有限公司) ("Regency Valley"), which is in turn wholly owned by HSBC International Trustee Limited, as the trustee of the Family trust. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 384,000,000 shares held by Palace Wonder.

(ii) Asset Link Investment Limited ("Asset Link") is wholly owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 302,080,000 shares held by Asset Link.

(iii) Mr. CHEUNG Tak On also holds 66,000 shares of the Company as the beneficial owner.

(2) Mr. CAI Yingjie holds 100% of the issued share capital of Ample Glory International Investment Company Limited ("Ample Glory") and he is deemed to be interested in the 108,288,000 shares held by Ample Glory. He also holds 474,500 shares of the Company as the beneficial owner.

(3) Mr. WANG Zhigao holds 100% of the issued share capital of Golden Rock Global Investment Company Limited ("Golden Rock") and he is deemed to be interested in the 60,160,000 shares held by Golden Rock. He also holds 910,500 shares of the Company as the beneficial owner.

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

Long positions in the Company's shares (continued)

Save as disclosed above, as at the date of this interim report, none of the Directors or chief executives of the Company has or is deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which will be required to be recorded in the register required to be kept by the Company pursuant to Section 352 of the SFO, or which will be required, pursuant to the Model Code, to be notified to the Company and the Hong Kong Stock Exchange.

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

Long positions in the shares and underlying shares of the Company

As at the date of this interim report, the following persons (other than the Directors or chief executives of the Company), had interests or short positions in the shares and underlying shares of the Company as recorded in the register of interests required to be kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Capacity/Nature of Interest	Total number of shares	Approximate Percentage of Shareholding (%)
Palace Wonder (1)	Beneficial owner	384,000,000 (long position)	25.946
Regency Valley (1)	Interest of controlled corporation	384,000,000 (long position)	25.946
HSBC International Trustee Limited (1)	Trustee	384,000,000 (long position)	25.946
Asset Link (2)	Beneficial owner	302,080,000 (long position)	20.411
Ample Glory (3)	Beneficial owner	108,288,000 (long position)	7.317
Runda Holdings Limited ("Runda Holdings") (4)	Beneficial owner	76,800,000 (long position)	5.189
Sun Moon China Investment Company Limited ("Sun Moon") (4)	Beneficial owner	44,440,000 (long position)	3.003
	Interest of controlled corporation	76,800,000 (long position)	5.189
Mr. GU Mingchang (4)	Interest of controlled corporation	121,240,000 (long position)	8.192
Baring Private Equity Asia V Holding (7) Limited (5)	Beneficial owner	94,136,500 (long position)	6.360
The Baring Asia Private Equity Fund V LP (5)	Interest of controlled corporation	94,136,500 (long position)	6.360
Baring Private Equity Asia GP V LP (5)	Interest of controlled corporation	94,136,500 (long position)	6.360
Baring Private Equity Asia GP V Limited (5)	Interest of controlled corporation	94,136,500 (long position)	6.360
Mr. Jean Eric Salata (5)	Interest of controlled corporation	94,136,500 (long position)	6.360
Mr. WAN Zhanggen (6)	Interest of controlled corporation	54,770,500 (long position)	3.701
	Beneficial owner	34,126,000 (long position)	2.306

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES (continued)

Long positions in the shares and underlying shares of the Company (continued)

Notes:

(1) Palace Wonder is wholly owned by Regency Valley, which is in turn wholly owned by HSBC International Trustee Limited as the trustee of the Family Trust. The Family Trust is a discretionary trust established by Mr. CHEUNG Tak On as settlor and protector with HSBC International Trustee Limited appointed as trustee on April 5, 2012. The beneficiary objects of the Family Trust are Mr. CHEUNG Tak On and certain of his family members. Mr. CHEUNG Tak On (as founder of the Family Trust), HSBC International Trustee Limited and Regency Valley are deemed to be interested in the 384,000,000 shares held by Palace Wonder.

(2) Asset Link is wholly owned by Mr. CHEUNG Tak On and he is deemed to be interested in the 302,080,000 shares held by Asset Link.

(3) Ample Glory is wholly owned by Mr. CAI Yingjie. Mr. CAI Yingjie is deemed to be interested in the 108,288,000 shares held by Ample Glory and he also holds 474,500 shares of the Company as the beneficial owner.

(4) Runda Holdings is wholly owned by Sun Moon and Sun Moon is deemed to be interested in the 76,800,000 Shares held by Runda Holdings. Sun Moon is in turn wholly owned by Mr. GU Mingchang, the brother of Ms. GU Lifang (being the wife of Mr. CHEUNG Tak On) and he is deemed to be interested in the 44,440,000 shares held by Sun Moon as well as 76,800,000 shares held by Runda.

(5) Baring Private Equity Asia V Holding (7) Limited is held as to approximately 99.35% of its issued share capital by The Baring Asia Private Equity Fund V LP, with Baring Private Equity Asia GP V LP as general partner. Baring Private Equity Asia GP V Limited, which is wholly owned by Mr. Jean Eric Salata, is the general partner of Baring Private Equity Asia GP V LP. Baring Asia Private Equity Fund V LP, Baring Private Equity Asia GP V LP, Baring Private Equity Asia GP V Limited and Mr. Jean Eric Salata are deemed to be interested in the 94,136,500 shares held by Baring Private Equity Asia V Holding (7) Limited.

(6) Eternal Wealth Global Investment Company Limited ("Eternal Wealth") is wholly owned by Mr. WAN Zhanggen. Mr. WAN Zhanggen is deemed to be interested in the 54,770,500 shares held by Eternal Wealth and he also holds 34,126,000 shares of the Company as the beneficial owner.

Save as disclosed above, as at the date of this interim report, the Directors and the chief executives of the Company are 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.

Directors' Rights to Acquire Shares or Debentures

At no time during the reporting period and up to the date of this interim report was the Company or any of its subsidiaries or holding company or any subsidiary of the Company's holding company, a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses or children under the age of 18 were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

STAFF AND REMUNERATION POLICY

As at June 30, 2013, we had 7,844 employees (as at June 30, 2012: 6,511 employees). The remuneration to our employees includes salaries and allowances. We provide training to our staff to enhance technical and product knowledge. Our Group's remuneration policies are formulated based on the performance of individual employees and are reviewed regularly. Our Group offers competitive remuneration packages to our Directors, and the Directors' fees are subject to shareholders' approval at general meeting. Other emoluments are determined by the Company's Board with reference to Directors' duties, responsibilities and performance and the results of our Group.

STAFF AND REMUNERATION POLICY (continued)

Employee Pre-IPO Incentive Scheme

Our employee pre-IPO incentive scheme (the "Employee Pre-IPO Incentive Scheme"), the details of which are set out in the paragraph headed "Employee Pre-IPO Incentive Scheme" in Appendix IV to our prospectus dated June 29, 2012, was conditionally approved and adopted by a resolution of the Directors on April 3, 2012. Any employees, Directors (other than independent non-executive Directors) and members of the senior management of the Company, but excluding (a) any person who has given or been given notice terminating his or her office or directorship, as the case may be; and (b) any other person that the Board may determine from time to time, may participate in this scheme.

The Remuneration Committee has full power and authority to (a) propose, select or determine which beneficiary is entitled to an award; (b) determine the amount of the award for each selected beneficiary; and (c) make the relevant award to the beneficiaries under the Employee Pre-IPO Incentive Scheme. Only the dividend payments on the shares held by HSBC Trustee (Hong Kong) Limited via special purpose vehicle under the Employee Pre-IPO Incentive Scheme (the "Scheme Shares") will be distributed to the beneficiaries, and the Scheme Shares themselves will not be vested in the beneficiaries of the Employee Pre-IPO Incentive Scheme.

Unless terminated earlier by a resolution of the Board made in accordance with the terms of the trust deed, the Employee Pre-IPO Incentive Scheme will be in effect for a term of 80 years from the date which it becomes unconditional. On termination of the Employee Pre-IPO Incentive Scheme, HSBC HK Trustee will transfer the Scheme Shares to Shanghai Yongda Holding (Group) Limited (the "Yongda Holding"), unless the board of Directors of Yongda Holding request the Scheme Shares to be transferred to such other employee incentive scheme trust as may be selected by the board of Directors of Yongda Holding, provided that such other employee award scheme trust selected by the board of Directors of Yongda Holding satisfies the reasonable requirements for the time being of HSBC HK Trustee, the Articles of Association and all applicable laws, failing which the Scheme Shares will be transferred directly to Yongda Holding.

During the reporting period and up to the date of this interim report, no award has been made pursuant to the Employee Pre-IPO Inventive Scheme.

Amendment to the Employee Pre-IPO Incentive Scheme and Adoption of a Share Option Scheme pursuant to Chapter 17 of the Listing Rules

On August 30, 2013, the Board of the Company has approved the amendment to the Employee Pre-IPO Incentive Scheme and the adoption of a share option scheme pursuant to Chapter 17 of the Listing Rules, subject to shareholders' approval. For details, please refer to the announcement and extraordinary general meeting circular published by the Company on August 30, 2013.

Purchase, redemption or sale of listed securities of the Company

Neither the Company nor any of its subsidiaries have purchased, redeemed or sold any of the Company's listed securities during the reporting period and up to the date of this interim report.

Change in the Information of Directors and Senior Management

Mr. CAI Yingjie, formerly the general manager of Shanghai Yongda Automobile Group Co., Ltd. (上海永達汽車集團有限公司) ("Automobile Group"), an indirect wholly-owned subsidiary of our Company, became its chairman on January 1, 2013.

Mr. XU Yue, formerly the executive deputy general manager of Automobile Group, became its general manager on January 1, 2013.

Save as disclosed above, the Directors confirm that no information is required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

Corporate Governance and Other Information

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Company has adopted the principles and code provisions set out in the Corporate Governance Code and Corporate Governance Report (the "CG Code") contained in Appendix 14 to the Listing Rules. During the reporting period and up to the date of this interim report, the Company has been in compliance with the code provisions set out in the CG Code.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS

The Company has adopted the Model Code set out in Appendix 10 to the Listing Rules. Specific enquiries have been made to all the Directors and the Directors have confirmed that they have complied with the Model Code during the reporting period and up to the date of this interim report.

AUDIT AND COMPLIANCE COMMITTEE

The audit and compliance committee of the Company (the "Audit and Compliance Committee") has three members comprising two independent non-executive Directors, being Mr. WANG Zhiqiang (chairman) and Mr. LU Wei, and one non-executive Director, being Mr. WANG Zhigao, with terms of reference in compliance with the Listing Rules.

The Audit and Compliance Committee has considered and reviewed the accounting principles and practices adopted by the Group and has discussed matters in relation to internal control and financial reporting with the management, including the review of the unaudited condensed consolidated interim financial results of the Company for the six months ended June 30, 2013. The Audit and Compliance Committee considers that the interim financial results for the six months ended June 30, 2013 are in compliance with the relevant accounting standards, rules and regulations and appropriate disclosures have been duly made.

INTERIM DIVIDEND

The Board does not recommend the payment of any interim dividend for the six months ended June 30, 2013 (for the six months ended June 30, 2012: nil) to the shareholders of the Company.

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

Hong Kong
August 30, 2013

Report on Review of Condensed Consolidated Financial Statements

Deloitte.

德勤

TO THE MEMBERS OF CHINA YONGDA AUTOMOBILES SERVICES HOLDINGS LIMITED

(incorporated in the Cayman Islands with limited liability)

Introduction

We have reviewed the condensed consolidated financial statements of China Yongda Automobiles Services Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 28 to 52, which comprise the condensed consolidated statement of financial position as of June 30, 2013 and the related condensed consolidated statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and certain 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 financial information 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 directors of the Company are responsible for the preparation and presentation of these condensed consolidated financial statements in accordance with IAS 34. Our responsibility is to express a conclusion on these condensed consolidated financial statements based on our review, and to report our conclusion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Scope of review

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

Conclusion

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
August 30, 2013

Condensed Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the six months ended June 30, 2013

	NOTES	For the six months ended June 30, 2013 RMB'000 (Unaudited)	2012 RMB'000 (Unaudited)
Revenue	3	**11,818,457**	10,164,876
Cost of sales and services		**(10,840,492)**	(9,223,620)
Gross profit		**977,965**	941,256
Other income	4	**91,037**	125,700
Other gains and losses	4	**(2,791)**	6,677
Other expenses	4	**—**	(7,252)
Distribution and selling expenses		**(414,916)**	(337,702)
Administrative expenses		**(208,240)**	(156,531)
Finance costs	5	**(96,758)**	(138,633)
Share of profits of joint ventures		**3,583**	3,896
Share of profits (losses) of associates		**960**	(24)
Profit before tax	6	**350,840**	437,387
Income tax expense	7	**(84,100)**	(105,567)
Profit and total comprehensive income for the period		**266,740**	331,820
Profit and total comprehensive income for the period attributable to:			
Owners of the Company		**230,263**	300,391
Non-controlling interests		**36,477**	31,429
		266,740	331,820
Earnings per share — basic and diluted	9	**RMB0.16**	RMB0.23

Condensed Consolidated Statement of Financial Position

At June 30, 2013

	NOTES	June 30, 2013 RMB'000 (Unaudited)	December 31, 2012 RMB'000 (Audited)
Non-current assets			
Property, plant and equipment	10	**1,848,147**	1,503,363
Prepaid lease payments	10	**293,815**	282,856
Intangible assets		**29,977**	26,709
Deposits paid for acquisition of property, plant and equipment		**39,451**	83,421
Deposits paid for acquisition of land use rights		**26,000**	27,307
Interests in joint ventures		**43,511**	39,928
Interests in associates		**55,747**	28,387
Deferred tax assets		**45,184**	39,827
		2,381,832	2,031,798
Current assets			
Prepaid lease payments	10	**6,874**	6,509
Inventories	11	**2,971,581**	2,678,189
Trade and other receivables	12	**2,594,997**	2,524,678
Amounts due from related parties	19	**720**	4,739
Pledged bank deposits		**565,729**	854,469
Bank balances and cash		**1,005,972**	1,895,266
		7,145,873	7,963,850
Current liabilities			
Trade and other payables	13	**2,286,861**	2,790,104
Amounts due to related parties	19	**18,679**	26,474
Income tax liabilities		**276,756**	238,246
Borrowings	14	**3,440,388**	3,465,172
		6,022,684	6,519,996

Condensed Consolidated Statement of Financial Position

At June 30, 2013

	NOTES	June 30, 2013 RMB'000 (Unaudited)	December 31, 2012 RMB'000 (Audited)
Net current assets		**1,123,189**	1,443,854
Total assets less current liabilities		**3,505,021**	3,475,652
Non-current liabilities			
Borrowings	14	**66,139**	157,053
Net assets		**3,438,882**	3,318,599
Capital and reserves			
Share capital	15	**12,065**	12,065
Reserves		**3,140,179**	3,050,518
Equity attributable to owners of the Company		**3,152,244**	3,062,583
Non-controlling interests		**286,638**	256,016
Total equity		**3,438,882**	3,318,599

Condensed Consolidated Statement of Changes in Equity

For the six months ended June 30, 2013

	Attributable to owners of the Company							
	Paid-in/ Issued share capital RMB'000	**Share premium** RMB'000	**Statutory surplus reserve** RMB'000 (note a)	**Special reserve** RMB'000	**Retained profits** RMB'000	**Subtotal** RMB'000	**Non-controlling interests** RMB'000	**Total** RMB'000
At January 1, 2012 (audited)	2	524,998	87,669	333,647	632,804	1,579,120	158,947	1,738,067
Profit for the period	–	–	–	–	300,391	300,391	31,429	331,820
Capital injection	–	–	–	–	–	–	32,000	32,000
Partial disposal of equity interests in subsidiaries without losing control	–	–	–	–	–	–	1,650	1,650
Dividends paid to non-controlling interests	–	–	–	–	–	–	(596)	(596)
At June 30, 2012 (unaudited)	2	524,998	87,669	333,647	933,195	1,879,511	223,430	2,102,941
Profit for the period	–	–	–	–	169,625	169,625	14,022	183,647
Capitalization of share premium (note b)	10,433	(10,433)	–	–	–	–	–	–
Issue of shares at premium through initial public offerings (note c)	1,630	1,074,552	–	–	–	1,076,182	–	1,076,182
Transaction costs attributable to issue of new shares	–	(63,027)	–	–	–	(63,027)	–	(63,027)
Capital injection	–	–	–	–	–	–	16,600	16,600
Partial disposal of equity interests in subsidiaries without losing control	–	–	–	292	–	292	5,307	5,599
Transfer to statutory reserve	–	–	55,289	–	(55,289)	–	–	–
Dividends paid to non-controlling interests	–	–	–	–	–	–	(3,343)	(3,343)
At December 31, 2012 (audited)	12,065	1,526,090	142,958	333,939	1,047,531	3,062,583	256,016	3,318,599
Profit for the period	**–**	**–**	**–**	**–**	**230,263**	**230,263**	**36,477**	**266,740**
Capital injection	**–**	**–**	**–**	**–**	**–**	**–**	**17,468**	**17,468**
Dividends recognized as distribution (note 8)	**–**	**(140,602)**	**–**	**–**	**–**	**(140,602)**	**–**	**(140,602)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(23,323)**	**(23,323)**
At June 30, 2013 (unaudited)	**12,065**	**1,385,488**	**142,958**	**333,939**	**1,277,794**	**3,152,244**	**286,638**	**3,438,882**

notes:

a. As stipulated by the relevant laws and regulations in the People's Republic of China (the "PRC"), the Company's PRC subsidiaries are required to maintain a statutory surplus reserve. An appropriation to such reserve is made out of net profit after tax as reflected in the statutory financial statements of the PRC subsidiaries with the amount and allocation basis to be decided by the respective boards of directors annually. The appropriation is 10% of profit after tax at a minimum and should cease when it reaches 50% of the registered capital of the relevant PRC subsidiaries. The statutory surplus reserve, which is non-distributable, can be used (i) to make up for prior year losses, if any; and/or (ii) in capital conversion.

b. Upon listing of the Company's shares on the Stock Exchange of Hong Kong Limited (the "Stock Exchange"), HK$12,798,000 standing to the credit of the share premium account of the Company was capitalized for issue of 1,279,800,000 new shares at par on July 12, 2012 to the then shareholders of the Company in proportion to their shareholdings.

c. On July 12, 2012, the Company issued a total of 200,022,000 new ordinary shares of HK$0.01 each at the price of HK$6.60 per share by means of initial public offerings.

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2013

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
OPERATING ACTIVITIES		
Profit before tax	**350,840**	437,387
Adjustments for:		
Finance costs	**96,758**	138,633
Interest income	**(9,055)**	(11,776)
Loss (gain) on disposal of property, plant and equipment	**1,871**	(3,377)
Loss on disposal of a subsidiary	**718**	—
Depreciation of property, plant and equipment	**95,765**	68,482
Release of prepaid lease payments	**3,291**	2,503
Share of (profits) losses of associates	**(960)**	24
Share of profits of joint ventures	**(3,583)**	(3,896)
Operating cash flows before movements in working capital	**535,645**	627,980
Increase in inventories	**(282,046)**	(714,617)
(Increase) decrease in trade and other receivables	**(16,271)**	486,178
Decrease in trade and other payables	**(552,922)**	(488,938)
Decrease (increase) in amounts due from related parties	**1,007**	(2,235)
Increase (decrease) in amounts due to related parties	**2,002**	(2,332)
Cash used in operations	**(312,585)**	(93,964)
Income taxes paid	**(53,486)**	(140,382)
NET CASH USED IN OPERATING ACTIVITIES	**(366,071)**	(234,346)
INVESTING ACTIVITIES		
Additions to and deposits paid for property, plant and equipment	**(414,298)**	(285,430)
Additions to and deposits paid for prepaid land lease payments	**(13,308)**	(70,043)
Purchase of intangible assets	**(558)**	(6,325)
Proceeds on disposal of property, plant and equipment, intangible assets and land use rights	**52,445**	175,858
Withdrawal of pledged bank deposits	**854,469**	884,658
Placement of pledged bank deposits	**(565,729)**	(768,599)
Collection of advance to independent third parties	**—**	44,300
Interest received	**9,055**	11,776
Advance to related parties	**—**	(20,050)
Collection of advance to related parties	**3,012**	6,000
Payment for acquisition of associates	**—**	(5,309)
Investment in an associate	**(26,400)**	—
Proceeds on disposal of available-for-sales investments	**—**	37,759
Dividends received from joint ventures	**—**	4,467
Acquisition of a subsidiary	**(589)**	—
Proceeds on disposal of a subsidiary	**3,166**	—
Deposits for acquisition of equity interests from third parties	**(40,600)**	—

Condensed Consolidated Statement of Cash Flows

For the six months ended June 30, 2013

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
	(Unaudited)	(Unaudited)
NET CASH (USED IN) FROM INVESTING ACTIVITIES	**(139,335)**	9,062
FINANCING ACTIVITIES		
New bank borrowings raised	**4,628,087**	3,792,494
Repayment of bank borrowings	**(4,743,785)**	(2,712,425)
Capital injection by non-controlling shareholders	**17,468**	32,000
Proceeds from disposal of partial interests in subsidiaries without losing of control	**—**	1,650
Advance from related parties	**—**	495,827
Repayment of advance from related parties	**—**	(1,318,982)
Interest paid	**(111,936)**	(145,279)
Dividends paid as distribution	**(140,602)**	—
Dividends paid to non-controlling shareholders	**(29,073)**	(596)
Payment to Shanghai Yongda Group Company Limited By Shares ("Yongda CLS") for acquisition of the Core Business (as defined in Note 1)	**—**	(21,534)
Dividends paid to Yongda CLS	**(4,047)**	—
NET CASH (USED IN) FROM FINANCING ACTIVITIES	**(383,888)**	123,155
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(889,294)**	(102,129)
CASH AND CASH EQUIVALENTS AT JANUARY 1, REPRESENTED BY BANK BALANCES AND CASH	**1,895,266**	1,080,178
CASH AND CASH EQUIVALENTS AT JUNE 30, REPRESENTED BY BANK BALANCES AND CASH	**1,005,972**	978,049

1. GENERAL INFORMATION AND BASIS OF PREPARATION

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

The Company is an investment holding company. The subsidiaries of the Company are principally engaged in the sale of automobiles and provision of after-sales services primarily through its 4S (sales, spare parts, service and survey) dealerships, distribution of automobile insurance products and automobile rental services in the PRC (the "Core Business"). The Company and its subsidiaries are collectively referred to as the "Group" thereafter.

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

In addition, the condensed consolidated financial statements have been prepared in accordance with the applicable disclosure requirements of Appendix 16 to the Rules Governing the Listing of Securities on the Stock Exchange and with International Accounting Standard 34 "Interim Financial Reporting" issued by the International Accounting Standards Board ("IASB").

2. PRINCIPAL ACCOUNTING POLICIES

These condensed consolidated financial statements should be read in conjunction with the 2012 annual financial statements of the Group (the "2012 Annual Financial Statements"). The accounting policies used in the preparation of the condensed consolidated financial statements are the same as those used in the 2012 Annual Financial Statements. In the current interim period, the Group adopted the following new and revised International Financial Reporting Standards ("IFRSs") issued by the IASB which are mandatory for the annual periods beginning January 1, 2013.

Amendments to IAS 1	Presentation of Items of Other Comprehensive Income
Amendments to IFRSs	Annual Improvements to IFRSs 2009-2011 Cycle
Amendments to IFRS 7	Disclosures — Offsetting Financial Assets and Financial Liabilities
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
Amendments to IFRS 10, IFRS 11 and IFRS 12	Consolidated Financial Statements, Joint Arrangements and Disclosure of Interests in Other Entities: Transition Guidance
IFRS 13	Fair Value Measurement
IAS 19 (as revised in 2011)	Employee Benefits
IAS 27 (as revised in 2011)	Separate Financial Statements
IAS 28 (as revised in 2011)	Investments in Associates and Joint Ventures
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

The application of the above new and revised IFRSs in the current interim period has had no material effect on the amounts reported in these condensed consolidated financial statements and/or disclosures set out in these condensed consolidated financial statements except for IFRS 11.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

IFRS 11 replaces IAS 31 Interest in Joint Ventures, and the guidance contained in a related interpretation, SIC-13 Jointly Controlled Entities — Non-Monetary Contribution by Venturers, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements — joint operations and joint ventures. The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. Previously, IAS 31 had three types of joint arrangements — jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement (e.g. a joint arrangement that was established through a separate entity was classified as a jointly controlled entity). The directors of the Company reviewed and assessed the classification of the Group's investments in joint arrangements in accordance with the requirements of IFRS 11. The Group concluded that the Group's investments in jointly controlled entities under IAS 31 which were accounted for using the equity method should be classified as joint ventures under IFRS 11 and continue to be accounted for using the equity method.

The Group has not early adopted the following new and revised standards, amendments and interpretations ("new and revised IFRSs") that have been issued but are not yet effective:

Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures[1]
IFRS 9	Financial Instruments[1]
Amendments to IFRS 10, IFRS 12, and IAS 27	Investment Entities[2]
Amendments to IAS 32	Offsetting Financial Assets and Financial Liabilities[2]
Amendments to IAS 36	Recoverable Amount Disclosures for Non-Financial Assets[2]
Amendments to IAS 39	Novation of Derivatives and Continuation of Hedge Accounting[2]
IFRIC 21	Levies[2]

1 Effective for annual periods beginning on or after January 1, 2015

2 Effective for annual periods beginning on or after January 1, 2014

The directors of the Company anticipate that the application of these new and revised IFRSs will have no material impact on the results and financial position of the Group except for IFRS 9.

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 amended in 2010 includes the requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9 are described as follows:

All recognized financial assets that are within the scope of IAS 39 Financial Instruments: Recognition and Measurement are subsequently measured at amortized cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortized cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss.

2. PRINCIPAL ACCOUNTING POLICIES (continued)

IFRS 9 Financial Instruments (continued)

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

3. SEGMENT INFORMATION

The following is an analysis of the Group's revenue and results by reportable segments reported to the board of directors, the Group's chief operating decision maker, for allocating resources and assessing performance:

For the six months ended June 30, 2013

	Passenger vehicle sales and services *RMB'000*	Automobile rental services *RMB'000*	Total *RMB'000*
Segment revenue	11,691,502	126,955	11,818,457
Segment profit	935,976	41,989	977,965
Other income			91,037
Other gains and losses			(2,791)
Distribution and selling expenses			(414,916)
Administrative expenses			(208,240)
Finance costs			(96,758)
Share of profits of joint ventures			3,583
Share of profits of associates			960
Profit before tax			350,840

3. SEGMENT INFORMATION (continued)

For the six months ended June 30, 2012

	Passenger vehicle sales and services *RMB'000*	Automobile rental services *RMB'000*	Total *RMB'000*
Segment revenue	10,059,701	105,175	10,164,876
Segment profit	899,612	41,644	941,256
Other income			125,700
Other gains and losses			6,677
Other expenses			(7,252)
Distribution and selling expenses			(337,702)
Administrative expenses			(156,531)
Finance cost			(138,633)
Share of profits of joint ventures			3,896
Share of losses of associates			(24)
Profit before tax			437,387

Segment profit represents the profit earned by each segment without allocation of other income, other gains and losses, other expenses, distribution and selling expenses, administrative expenses, finance costs, share of profits of joint ventures and share of profits or losses of associates. There were no inter-segment revenues during the period under review. No analysis of segment assets and liabilities is presented as they are not regularly reviewed by the board of directors.

Revenue from major products and services

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
Sale of passenger vehicles:		
— Luxury and ultra-luxury brands *(note a)*	**8,290,828**	7,110,485
— Mid- to high-end brands *(note b)*	**2,265,069**	1,976,347
Sub-total	**10,555,897**	9,086,832
After-sales services	**1,135,605**	972,869
Automobile rental services	**126,955**	105,175
	11,818,457	10,164,876

Notes

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

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

4. OTHER INCOME, OTHER GAINS AND LOSSES/OTHER EXPENSES

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
Other income comprises:		
Service income *(note a)*	**64,633**	68,306
Advertisement support received from automobile manufacturers *(note b)*	**7,087**	19,348
Government grants *(note c)*	**8,619**	20,989
Interest income on bank deposits	**9,055**	11,776
Others	**1,643**	5,281
	91,037	125,700
Other gains and losses comprise:		
(Loss) gain on disposal of property, plant and equipment	**(1,871)**	3,376
Loss on disposal of a subsidiary	**(718)**	—
Others	**(202)**	3,301
	(2,791)	6,677
Other expenses:		
Listing expenses	**—**	(7,252)

Notes:

a. Service income was primarily derived from certain auxiliary automobile sales related services such as distribution of automobile insurance products.

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

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

5. FINANCE COSTS

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
Interests on borrowings wholly repayable within five years:		
— bank loans	**89,237**	101,280
— borrowings from related parties *(Note 19(III)(e))*	**—**	1,066
— other borrowings from entities controlled by suppliers	**3,638**	4,257
— reimbursement to suppliers *(note a)*	**19,985**	39,563
Less: interests capitalized *(note b)*	**(16,102)**	(7,533)
	96,758	138,633

Notes:

a. The Group is required to undertake part of the finance costs incurred by suppliers of the Group in relation to discounting bank acceptance notes issued by the Group to the suppliers for the purchase of new passenger vehicles.

b. Borrowing costs capitalized during the period arose on the general borrowing pool and are calculated by applying a capitalization rate of 6.00% (2012: 7.90%) per annum to expenditure on qualifying assets.

6. PROFIT BEFORE TAX

Profit before tax has been arrived at after charging:

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
Depreciation of property, plant and equipment	**95,765**	68,482
Release of prepaid lease payments	**3,291**	2,503

7. INCOME TAX EXPENSE

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
Current tax:		
PRC Enterprise Income Tax ("EIT")	**91,370**	101,837
Over-provision of PRC EIT in prior year	**(161)**	(12)
	91,209	101,825
Deferred tax		
Current period	**(7,109)**	3,742
	84,100	105,567

7. INCOME TAX EXPENSE (continued)

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

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

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

Under the EIT Law, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from January 1, 2008 onwards. Deferred taxation has not been provided for in the condensed consolidated financial statements in respect of the temporary differences attributable to the accumulated profits of the PRC subsidiaries as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

8. DIVIDENDS

During the current interim period, a final dividend of RMB0.095 per share in respect of the year ended December 31, 2012 was declared and paid to the owners of the Company in Hong Kong dollars (the "HK$") based on the medium exchange rate between RMB and HK$ as announced by the People's Bank of China on May 28, 2013 (HK$1.00 to RMB0.79627). The aggregate amount of the final dividend declared and paid in the interim period amounted to RMB140,602,000.

9. EARNINGS PER SHARE

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

	For the six months ended June 30,	
	2013	2012
	RMB'000	*RMB'000*
Earnings		
Profit for the period attributable to owners of the Company	**230,263**	300,391
Number of shares		
Number of ordinary shares in issue (2012: weighted average number of ordinary shares) for the purpose of basic earnings per share	**1,480 million**	1,280 million

Diluted earnings per share is the same as basic earnings per share as no potential ordinary shares were outstanding for the six months ended June 30, 2012 and June 30, 2013, respectively.

The weighted average number of ordinary shares for the purpose of calculating basic earnings per share for the six months ended June 30, 2012 has been adjusted retrospectively for the issue of 1,279,800,000 new shares by way of capitalization as if it had taken place on January 1, 2012.

10. PROPERTY, PLANT AND EQUIPMENT/PREPAID LEASE PAYMENTS

Property, plant and equipment

During the period, the Group acquired property, plant and equipment of approximately RMB508,530,000 (2012: RMB263,687,000) for business expansion.

As at December 31, 2011, buildings with carrying amount of approximately RMB58,777,000 were registered in the name of Shanghai Yongda Group Limited By shares ("Yongda CLS") and a building without building ownership certificate and having a carrying value of approximately RMB20,373,000 was situated on land in the PRC held by Yongda CLS under medium-term lease. During the six months ended June 30, 2012, such buildings, together with land use, were disposed of to Yongda CLS at an aggregate consideration of RMB134,710,000 and were subsequently leased back by the Group under operating leases in May 2012.

During the period, the Group disposed of property, plant and equipment with carrying amount of approximately RMB65,214,000 (2012: RMB39,654,000), including the disposal of property, plant and equipment with a carrying amount of approximately RMB10,954,000 as part of the disposal of the subsidiary.

In addition, during the period, the Group paid approximately RMB39,451,000 (2012: RMB83,421,000) as deposits for acquisition of property, plant and equipment for business expansion.

Prepaid lease payments

During the period, the Group acquired medium-term land use rights situated in the PRC of approximately RMB14,615,000 (2012: RMB70,043,000) for business expansion.

As at December 31, 2011, parcels of land with carrying amount of approximately RMB55,560,000 were registered in the name of Yongda CLS. During the six months ended June 30, 2012, such parcels of land were disposed of to Yongda CLS and subsequently leased back by the Group under operating leases.

11. INVENTORIES

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
Motor vehicles	**2,715,783**	2,483,741
Spare parts and accessories	**255,798**	194,448
	2,971,581	2,678,189

12. TRADE AND OTHER RECEIVABLES

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

a. In general, deposits and advances are required for the sales of automobiles while after-sales services are typically settled on a cash basis upon completion of the relevant services. However, for certain corporate customers for passenger vehicles sales and after-sales services, a credit period not exceeding 90 days is granted; and

b. For automobile rental services, the Group typically allows a credit period of 30 to 60 days to its customers.

12. TRADE AND OTHER RECEIVABLES (continued)

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
Trade receivables	181,783	155,541
Other receivables comprise:		
Cash in transit *(note a)*	139,689	52,295
Prepayments and deposits to suppliers	925,493	1,128,699
Prepayments and rental deposits on properties	46,956	37,233
Rebate receivables from suppliers	1,051,704	945,094
Insurance commission receivables	10,064	11,928
Staff advances	4,420	4,547
Value-Added-Tax recoverable	137,255	143,779
Deposits for acquisition of equity interests from third parties	40,600	—
Others	57,033	45,562
	2,413,214	2,369,137
	2,594,997	2,524,678

notes:

a. Cash in transit represents sales settled by credit cards, which have yet to be credited to the Group by banks. The balance of cash in transit as at June 30, 2013 aged seven days (December 31, 2012: Seven days).

The following is an ageing analysis of the Group's trade receivables presented based on the invoice date at the end of the reporting periods:

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
0 to 90 days	181,783	155,541

13. TRADE AND OTHER PAYABLES

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
Trade payables	103,166	102,311
Bills payables	1,370,135	1,846,648
	1,473,301	1,948,959
Other payables		
Other tax payables	25,122	25,236
Advances and deposits from customers	580,451	667,874
Payables for acquisition of property, plant and equipment	79,422	48,182
Rental payables	37,603	13,944
Salary and welfare payables	22,960	38,957
Accrued interest	2,790	1,866
Accrued listing expenses	—	7,663
Accrued audit fee	—	3,500
Other accrued expenses	3,136	2,666
Consideration payable on acquisition of a subsidiary (Note 18)	1,476	—
Payable to original shareholders of acquired subsidiary (Note 18)	24,211	—
Others	36,389	31,257
	813,560	841,145
	2,286,861	2,790,104

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

13. TRADE AND OTHER PAYABLES (continued)

The following is an ageing analysis of the Group's trade payables presented based on the payment due date at the end of the reporting periods:

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
0 to 90 days	1,473,301	1,948,959

14. BORROWINGS

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
Bank loans	3,025,403	3,260,973
Other borrowings from entities controlled by suppliers	481,124	361,252
	3,506,527	3,622,225
Carrying amount repayable:		
Within one year	3,440,388	3,465,172
More than one year, but not exceeding two years	64,493	97,536
More than two years, but not exceeding five years	1,646	59,517
	3,506,527	3,622,225
Less: amounts due within one year shown under current liabilities	(3,440,388)	(3,465,172)
Amounts shown under non-current liabilities	66,139	157,053

The effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings ranged from 5.40% to 7.50% (2012: 5.04% to 8.75%) per annum.

15. SHARE CAPITAL

	Number of share	Amount
	'000	*HK$'000*
Ordinary shares of HK$0.01 each		
Authorized:		
At January 1, 2012	38,000	380
Increase in authorized share capital	2,462,000	24,620
As at June 30, 2012, January 1, 2013 and June 30, 2013	2,500,000	25,000

	Number of shares	Amount	Shown in financial statements as
	'000	*HK$'000*	*RMB'000*
Issued and fully paid:			
At January 1, 2012 and June 30, 2012	200	2	2
At January 1, 2013 and June 30, 2013	1,480,022	14,800	12,065

16. CAPITAL COMMITMENTS

	June 30, 2013	December 31, 2012
	RMB'000	*RMB'000*
Capital expenditure contracted for but not provided in the condensed consolidated financial statements in respect of acquisition of property, plant and equipment	84,201	176,891

17. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

The Group's financial instruments, including the loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposits and bank balances and cash) and financial liabilities (including trade and other payables, amounts due to related parties and borrowings), are recorded at amortized cost. The directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortized cost in the condensed consolidated financial statements approximate their fair values.

18. ACQUISITION OF A SUBSIDIARY

On June 28, 2013, the Group acquired 100% equity interests in Jiaxing Xiangtong Automobile Sales and Service Company Limited ("Jiaxing Xiangtong") from independent third parties for a cash consideration of RMB4.86 million to continue the expansion of the dealership network. Jiaxing Xiangtong operates a Buick 4S dealership located in Jiaxing, Zhejiang Province.

Assets and liabilities acquired on the acquisition date are as follows:

	Recognized fair values on acquisition
	RMB'000
Property, plant and equipment	2,919
Inventories	14,522
Trade and other receivables	14,861
Bank balances	2,793
Other payables	(6,026)
Payable to original shareholders	(24,211)
	4,858
Consideration satisfied by:	
Cash paid during the period	3,382
Consideration payable	1,476
	4,858
Net cash outflows arising on acquisition	
Consideration paid in cash	(3,382)
Less: bank balances and cash acquired	2,793
	(589)

The fair value of the receivables acquired in this transaction approximates to their gross contractual amounts.

Acquisition-related costs recognized as an expense in the current period were insignificant.

The initial accounting for the acquisition of Jiaxing Xiangtong has only been provisionally determined at the end of the reporting period. At the date of finalization of these condensed consolidated financial statements, the necessary market valuations and other calculation of assets and liabilities had not been finalized and they have therefore only been provisionally determined based on the director's best estimates of the likely values.

18. ACQUISITION OF A SUBSIDIARY (continued)

The revenue and profit attributable to Jiaxing Xiangtong was insignificant for the interim period. Had the acquisition of Jiaxing Xiangtong been effected at the beginning of the interim period, the total amount of revenue of the Group for the six months ended June 30, 2013 would have been RMB11,874 million and the amount of the profit for the interim period would have been RMB265 million. The proforma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the interim period, nor is it intended to be a projection of future results.

In determining the "pro-forma" revenue and profit of the Group had Jiaxing Xiangtong been acquired at the beginning of the interim period, the directors calculated depreciation and amortization of plant and equipment based on the recognized amounts of plant and equipment at the date of the acquisition.

19. RELATED PARTY DISCLOSURES

I. Amounts due from related parties

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
Associates held by the Group		
Shanghai Oriental Yongda Automobile Sales Co., Ltd.		
("Shanghai Oriental Yongda")	720	825
Shanghai Yongda Fengdu Automobile Sales and Services Co., Ltd.		
("Shanghai Yongda Fengdu Automobile")	–	3,513
Joint ventures held by the Group		
Shanghai Bashi Yongda Automobile Sales Co., Ltd.		
("Shanghai Bashi Yongda")	–	401
	720	4,739
Analyzed as:		
Trade-related, aged within 1 year	720	1,727
Non trade-related	–	3,012
	720	4,739

The above balances are interest-free, unsecured and expected to be received within one year.

19. RELATED PARTY DISCLOSURES (continued)

II. Amounts due to related parties

	June 30, 2013 RMB'000	December 31, 2012 RMB'000
Non-controlling shareholders *(note a)*	6,459	12,739
Joint ventures held by the Group		
Shanghai Bashi Yongda	2,532	—
Entity controlled by the shareholders of the Group		
Yongda CLS *(note b)*	9,688	13,735
	18,679	26,474
Analyzed as:		
Trade-related, aged within 1 year	2,522	530
Non trade-related	16,147	25,944
	18,679	26,474

The above balances are interest-free, unsecured and repayable on demand.

Notes:

a. The non-controlling shareholders have significant influence over the relevant subsidiaries of the Group and the balance included a dividend payable of RMB6,459,000 and RMB12,209,000 as at June 30, 2013 and December 31, 2012, respectively.

b. The balance as at June 30, 2013 and December 31, 2012 was a dividend payable of RMB9,688,000 and RMB13,735,000, respectively.

19. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions

	For the six months ended June 30,	
	2013	2012
	RMB'000	RMB'000
a) Sales of motor vehicles		
Shanghai Shenbao Yongda Automobile Sales Co., Ltd. ("Shanghai Shenbao")	–	9,443
Shanghai Bashi Yongda	982	4,506
	982	13,949

Sales of motor vehicles via Shanghai Oriental Yongda

The Group, through Shanghai Oriental Yongda's television shopping channel, sold motor vehicles to customers amounting to RMB215,700,000 and RMB309,544,000 for the six months ended June 30, 2012 and 2013, respectively. A commission of approximately RMB2,240,000 and RMB2,444,000 was paid to Shanghai Oriental Yongda for the marketing and promotional activities it carried out for the Group for the six months ended June 30, 2012 and 2013, respectively.

	For the six months ended June 30,	
	2013	2012
	RMB'000	RMB'000
b) Purchase of motor vehicles		
Shanghai Yongda Fengdu Automobile	3,095	2,028
Shanghai Bashi Yongda	3,258	7,715
Shanghai Yongda Changrong Automobile Sales and Services Co., Ltd ("Shanghai Yongda Changrong")	175	1,407
	6,528	11,150
c) Sales of spare parts		
Shanghai Yongda Changrong	39	841
Shanghai Yongda Fengdu Automobile	54	40
Shanghai Shenbao	–	14
	93	895

19. RELATED PARTY DISCLOSURES (continued)

III. Related party transactions (continued)

***Sales of motor vehicles via Shanghai Oriental Yongda** (continued)*

	For the six months ended June 30, 2013 RMB'000	2012 RMB'000
d) Purchase of spare parts		
Shanghai Yongda Changrong	–	69
Shanghai Bashi Yongda	130	23
Shanghai Yongda Fengdu Automobile	532	–
	662	92
e) Interest expenses paid to		
A non-controlling shareholder with significant influence over the relevant subsidiary	–	1,066
f) Purchase of properties, plant and equipment from		
Shanghai Bashi Yongda	4,002	–
g) Proceeds from disposal of properties and prepaid lease payments to		
Yongda CLS	–	134,711
h) Proceeds from disposal of available-for-sale investments to		
Yongda CLS	–	1,000
i) Rental expenses paid to		
Yongda CLS and Shanghai Yongda Transportation Equipment	4,160	–
j) Compensation of key management personnel		
Short-term benefits	2,320	940
Post-employment benefits	221	107
	2,541	1,047

The remuneration of directors and key executives is determined by the board and its remuneration committee having regard to the performance of the individuals and market trends.

20. EVENTS AFTER THE END OF THE REPORTING PERIOD

On July 17, 2013, the Group acquired 100% equity interest in Lishui City Jiacheng Automobiles Sales Company Limited ("Lishui Jiacheng") from independent third parties for a consideration of RMB38.34 million. Lishui Jiacheng operates an Audi 4S dealership located in Lishui, Zhejiang Province. Details of the assets acquired and the liabilities assumed arising from the acquisition of Lishui Jiacheng are not presented herein as the acquisition involves identifying assets and liabilities at their fair values, the process of which is still in progress by the directors.

On August 30, 2013, the board of directors of the Company has approved the amendment to the employee pre-IPO incentive scheme and the adoption of a share option scheme pursuant to Chapter 17 of the Rules Governing the Listing of Securities on the Stock Exchange, subject to shareholders' approval in the forthcoming extraordinary general meeting.